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By Jane Perry Clark Carey

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THE DEPARTMENT OF STATE

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The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Research and Publication, Office of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest is included.

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The Place of Bretton Woods in Economic Collective Security

Address by ASSISTANT SECRETARY ACHESON¹

THE HOPES of every man and woman, the future of every child, not only in this country of ours but in every country of the earth, hang upon what will be done in your great city in the next two months. For generations the name *San Francisco* will mean a turning point in history. It will be the prayer of millions that the turning will be worthy of the saint whose name it will bear.

While all eyes are turned upon this spot the people of the United States, through their Congress, will be making the same choice which will be made here, but in another field. That choice is between meeting the problems with which the world will be faced at the end of this war through methods of international collaboration and through an attempt to devise, in the economic and monetary field, a system of collective security; or meeting those problems on the basis of each nation's relying upon its own resources and its own strength, and going its own way in the world.

This is the fundamental choice which is to be made in considering the Bretton Woods proposals. Let us take a few moments to weigh these alternatives.

In considering any measure, it is wise to consider the situation which has produced it and the evils which it is hoped can be cured by it. So we might turn for a moment to the position in which the world will be placed at the end of this war. We might ask what the evils are in that situation and how they may be met.

When we come to the end of the fighting, we will be met with an accumulation of problems of a magnitude the world has never seen before. They are not merely problems of this war, which will be great enough, but there is an accumulation of problems of the '20's and '30's left unsolved after the last war.

¹ Delivered before the Commonwealth Club of California, San Francisco, Calif., Mar. 23, 1945, and released to the press by the Department of State on that date. Individual copies are available as Department of State publication 2306.

All the nations of the earth were attempting to struggle with economic and social questions during the depression. While they were doing that, the Germans and the Japanese entered the field with their plans of aggression; and those nations immediately adopted methods of exploitation and economic warfare in the international world which made it not only quite impossible for their neighbors to solve the problems of the depression but further aggravated those problems.

Germany and Japan were preparing themselves for the war which they saw ahead and which they intended to precipitate. In doing that, they devised every possible form of economic offense and defense; they used their currencies; they used their imports and their exports, as weapons of war, and with those, they undertook to prepare for the struggle.

That immediately produced counter-measures in other countries. For that reason, before the war was actually started in 1939, all of the countries of Europe, and many other countries of the world, had been forced to adopt methods of economic warfare, methods of state control over their exchange and their exports and imports. These activities had produced a devastating effect upon the trade of the world.

The difficulty grew in the years between 1936 and 1939 as the Axis nations attempted even more desperately to prepare for the struggle. As a result, in the period before the war, and since 1939 also, the world's demands for goods have been piling up. Everything was thrown into warlike preparations and the actual fighting, so that there has been not only the destruction of war but the postponement of vast amounts of civilian demands and the complete disruption of whole economic and social systems.

Of course, the mere destruction of the war would be enough to present enormous problems. Whole industries have been destroyed; whole economies have been weakened and destroyed. But on top of all of that there has been this accumulation of

difficulties, reaching back into the '30's. There is also the tremendous aggravation of social unrest which the war has produced, so that when we come to the end of the fighting, the world will be presented with such an array of problems as has never existed before.

The world will meet those problems under two conditions. One condition is a consciousness, or a belief, that economic matters can be controlled and should be controlled by governmental action. People in many countries will not be patient when they are told that they must suffer, that they must work these matters out in more or less automatic ways. They have suffered so much, and they believe so deeply that governments can take some action which will alleviate their sufferings, that they will demand that the whole business of state control and state interference be pushed further and further.

In addition to the readiness to turn to the government, there is a second fact: that is, during these periods before the war, and during the war, the governments of the world have learned, as they have never learned before, all the tricks of economic warfare which are incident to the control of exchanges, discriminatory action, multiple currencies, and the control of exports and imports.

Nations will approach the peace under these conditions. Most of them will be faced with a situation in which they will have a great need for imports; they will have to rebuild their cities, their factories, and their transportation systems. Much that they need will have to come from abroad at the outset, because the very machinery with which they make things will have been destroyed.

At the same time, their exports will have been much lowered or largely lost. Therefore, the first thing that they will be tempted to do is to adopt every device for increasing their exports and getting what imports they can from other people.

The devices by which they will do that are simple and well known to you. They are: manipulation of currencies so that each one will believe that it can sell what it has to offer in foreign markets more cheaply than anyone else, thus taking business away from other countries; and restricting imports to those things which it absolutely has to have.

If that situation were spread throughout the world, it would have a devastating effect upon

recovery from the war. Probably the only hope of maintaining stability—social, political, and economic—in the world, in the face of the great post-war troubles, is to adopt measures which will lead to an expansion of production, consumption, and trade, so that the peoples of the world will not be forced to suffer more than they did during the war. It is essential that they see before them hope that if they go to work there will be an opportunity of escape from the great pressure of misery under which they have labored.

In the midst of all of these difficulties, we are faced with the problem of what to do. If we do nothing and rely on methods which were unsuccessful in the past, then we will face the disintegration of the whole world system into a state of economic warfare, with each nation trying to climb to some sort of security over the back of its neighbors, each one believing that if it manipulates its currency in some way or other, it can export the misery which exists in its own country to some other country and attain some temporary advantage.

Each nation will believe that the advantage will be permanent. But it will not be permanent, because neighboring countries will undertake exactly the same steps. So we shall have progressive hostility between countries and progressively hostile action against countries.

That is one choice. The other choice is in the direction of collective security. It is a sort of economic disarmament. It is a choice by which the various countries say to one another: "What can we do to induce all of us to lay aside these weapons—weapons which cannot do us any good for any period of time, weapons which must inevitably bring about retaliation from someone else? Instead of struggling with one another, instead of attempting to gain temporary advantages by climbing over one another, why can't we adopt a system of collective security in this field, a system which will go along with the collective security in the political and military fields?"

How can that be done? For three years before the Bretton Woods conference this matter was discussed and studied, and again at Bretton Woods it was thoroughly considered, and definite proposals were agreed upon.

What sort of a system can be devised by which nations can be persuaded to put aside the weapons of economic warfare and take up the tools of eco-

economic reconstruction? We believe that in the two institutions which were formulated at Bretton Woods (and during the years before) those methods have been devised.

There are two institutions projected by the Bretton Woods agreements. Let me speak first about the Fund, because that seems to us to be the heart of this matter, the very foundation upon which everything else rests.

The mechanics of the Fund are complicated. But the basic idea is not complicated at all; it is very simple. The basic idea of the Fund is to create an institution which may be joined in by all the countries which were represented at Bretton Woods, and, we hope, later by others also.

On entering that institution, the members agree to four simple things, and those four simple things, added together, do a great deal to abolish economic warfare. Having agreed to them, the question is, How can countries keep their agreement? The rest of the Fund is machinery by which members are enabled to keep their agreement to put aside economic warfare. What is the plan and how will it work? What is the nature of the agreements?

There are four things, as I have said, that the agreement provides shall be followed by the members of the Fund. First of all, the members are asked to define their currencies in terms of gold. A common denominator is picked out, and countries are asked to set a ratio for their currencies in terms of gold. How that is done, how agreement is reached on it, I shall come to later, but the effort is made in that first point to create a common denominator, so that each currency may be related to each other currency in terms of some common thing.

That having been done, we come to the second obligation which is asked of the members, and that is, having said and having agreed that its currency is worth so much in ounces of gold, the country should keep the value there. It should keep its currency within one percent of that determined value. We begin to get stability; we begin to have currencies defined in terms of a common denominator; and we have an agreement to keep them where they are defined.

Going further, we come to the third requirement, which is that the countries who enter the Fund shall undertake not to restrict current transactions in their currency, not to put restrictions on the purchase and sale of goods and the purchase

and sale of services, so far as their currency is concerned. After the post-war transition, that will, at one stroke, do away with this whole vast system of exchange control, by which any person in a country who wishes to buy something from abroad must go to his government to get the government's permission to buy that article. As long as there is that dead hand on foreign or international trade, it cannot possibly expand; it cannot possibly be the medium of getting a better standard of living in the world. Having defined your currency in terms of a common denominator, having agreed to keep it there, you then say you will let people use it. Of course, that is what money is for. It is a medium of exchange. You let people use it freely for current transactions.

Finally, the Fund agreement says, if it becomes necessary, in your opinion, at some later time to change the value of your currency, you must realize that the change is a matter of concern to the world; it is not a matter of concern solely to the individual country. Therefore, you must consult the other nations in the Fund about that change. You must subject yourself to examination and discussion, give the reasons why you think this is necessary, and hear the counter-reasons of people who feel that they may suffer from that change. Except within narrow limits, which I shall describe in a moment, you must get the consent or agreement of the Fund to do this. You are free to go ahead without the consent of the Fund and change the value of your currency if you want to, but if you do that, you run the risk of being put out of the Fund and being refused its facilities.

The undertaking is that when you define your currency, you maintain it within one percent of that defined value, but if you want to change your currency, you must come to the Fund and consult it to get its consent. There is one exception and it is this: You may change your currency without the consent of the Fund, but only after consultation with the Fund, for minor changes aggregating 10 percent.

That does not mean that from day to day, week to week, you have variations within 10 percent. You must keep your currency within one percent of what you define it as, but if you want to change that definition, and the change does not exceed 10 percent, then you may do it without the consent of the Fund, but after consultation. That, of course, is because it is a very difficult thing, when

you start defining your currency, to get it right. It is very hard when you begin, after a period of great confusion, to hit the bull's eye the first time. Therefore, the Fund says, "Do the best you can." The regulations are: Do the best you can at the start, but within 10 percent of that definition you may change it without the consent of the Fund, but after consultation, in order to adjust it so that you will ultimately get it right. Once its currency has been changed by 10 percent, a country may not make any further changes, even back to the original value, without the consent of the Fund.

These are the four points. I have stated them very broadly. There are some qualifications, but in order to get the basic conception of the Fund as an instrument of collective security, I think we have to understand that there are these four points which are agreed to.

Having entered into these agreements, the question is, How can a country keep them? All the countries will say these are highly desirable; these are the most important agreements to reach. But how can we carry them out in view of the difficulties of which I spoke when I began my statement?

Therefore, the Fund provides the mechanism, the assistance, the mutual aid by which these agreements can be kept. Briefly and very roughly, it does that by creating a pool, a fund of currencies and gold, into which each member pays its quota, the larger part in its own currency with a smaller amount in gold. As a result of that, you have a great basket of currencies available to the members. You have dollars, pounds, francs, belgas, pesos, and other currencies in this Fund, and you have gold to get more of any currency that is needed. Nations will go ahead and attempt to carry out their commitments. They undoubtedly will find that they will have difficulties at times, because they will not always be able to get the foreign exchange which they need to carry on their current transactions. Those difficulties will very frequently be temporary.

There will be difficulties which come from the adjustment to the past situation, difficulties which come from all sorts of things, but many of them will be temporary. Although it may take five or six years to work out these adjustments, the purpose of the Fund is to work toward stability and a balance of international payments.

In order to prevent countries from being faced with the necessity of taking drastic action to cut down their imports to devalue their currency, we say, "Do not do that. You agreed not to do that when you joined the Fund, and the Fund offers full facilities which make that unnecessary." They may come to the Fund and buy, with their own money, the foreign exchange which is needed.

In order to use the Fund's resources, a country must use an equal amount of its own reserves of gold and foreign exchange so that it does not simply come to the Fund at any time and take out what it wants and call it a day. A country puts in its own currency and agrees to maintain the money that is put in at the gold value with which it started, and it gets the foreign exchange which it needs. Restriction is no longer necessary, and the country can go forward with its business.

Then what happens? Some other nation may want the currency which you have put into the Fund. If it does and if it buys your currency, that is fine; the Fund no longer has it. If, however, no other nation buys it and it remains in the Fund, then, as your situation improves, as your resources increase, you must repurchase your currency, so that after you have gone through your temporary difficulty and your financial situation is better, you buy back your currency from the Fund with whatever gold or foreign exchange you have accumulated during these periods of recovery.

That is the basic idea—to require people to undertake not to do certain things which are mutually destructive in the world, and to give them the opportunity of meeting those obligations.

May I go on now, for a moment, to the Bank?

The Fund is not designed to provide the money for long-term investments; therefore, it is necessary to create an institution to do that. Devastation has occurred in many countries. Their harbor facilities, their factories, their railways, their bridges have suffered severely. They must borrow money somewhere to rebuild those. It is very much to our advantage, and to the advantage of other great producing and trading countries, that they should be enabled to do that.

Therefore, we have an International Bank for Reconstruction and Development. There are not only the countries which have been devastated by the war, but there are countries which have never

been developed—countries in South America, Africa, the Far East, all of which can profit, and from which we can profit as they develop their industries.

These countries, then, wish to borrow money. If they borrow money, they spend the money in the places where the goods can be produced. We have the greatest productive plant in the world. While the rest of the world has been undergoing destruction, we have been building up this plant in order to carry the great burden of the war. One of our problems in the future will be to keep that great plant employed and to keep the people employed who are now working in it or who come back from the armed forces.

Very well; then we can all profit by enabling those countries which have been destroyed, or which need development, to make purchases from those which can produce the goods they need.

The Bank is not created to supersede private banks; it has been created in order to help private banks. There are two great difficulties in the way of private lending at the present time. One is from the point of view of the lender, and the other is from the point of view of the borrower, and they both stem from the same cause. The world is uncertain. There are political uncertainties, as well as various other kinds of uncertainty.

Therefore, the interest rates may have to be so high, the amortization of the loan may have to be so rapid, that, as an economic matter, it becomes impossible for the borrower to secure funds. Some countries and their citizens, whatever they may wish to promise now, cannot borrow money on a basis which requires high interest rates and quick repayment. That would simply destroy the whole relationship. They will not be able to carry out their obligations and there will be defaults.

There must be low interest rates and a long period of payment. Many of the countries will not be the best credit risks. There will be unrest and confusion for a time, and no private banker may wish to take the risk which is involved. Yet that risk must be taken. It is only by taking the wise and calculated risks of allowing all these countries to have their chance at recovery that you can bring them back within the general orbit of development and stability.

The country that wishes to borrow goes to a private lender, or the private company in the country enlists the aid of its government and comes to a private lender. They say, for exam-

ple, "We wish to borrow some money to rebuild our port facilities." The private banker looks into it and says, "I should like to do this business, but I do not feel that I can take the risk and I do not believe I can recommend to the private investors in this country that they take that risk."

Therefore, both parties go to the International Bank, and they ask the International Bank to look at the situation. The International Bank looks at it, appoints its expert committee, which goes into the whole economic future of that country. They go into the whole relationship of this project to the economic development of the country. If they think it is an unsound project, they turn it down. If they think it is a good project, they say, "We are willing to put our guaranty stamp on this bond. We are perfectly willing to stand behind this loan because we have the promise of the borrower, we have the promise of the government of the borrower's country, and we will now put our guaranty on it, too."

That means that the private lender, whether in the United States or England or Australia, looks first of all to the borrower to pay. Let us say this is a drainage district or a port authority which needs the money; whatever it may be, the lender looks to the borrower. If the borrower does not pay, the government of the country is looked to. If that country does not pay, the lender looks to the International Bank, and the International Bank is made up of all its members. It has behind it all their subscriptions. So the private lender—you, or whoever it may be—who wishes to buy one of these bonds, has a bond which should be as safe as any foreign investment in the world. With this assurance, the lender is willing to lend at a low rate and over a long period of time.

How is the Bank organized to do this business? What does it provide?

It provides that each one of the countries shall subscribe for an amount of the Bank's capital, an amount which is stated in the agreement. The amount for which we subscribe is \$3,175,000,000. Other nations subscribe other amounts.

Having made those subscriptions, the countries pay in only 20 percent; they do not pay 100 percent of their subscription. Of that 20 percent, a small amount is in gold and the rest is in their own currency. That forms the paid-in capital of the Bank. With that capital, the Bank may make direct loans.

The remaining 80 percent is the guaranty of the countries. The countries say to the Bank, "We subscribe to so much in the form of a guaranty, and if loans go bad, and the interest and amortization is not paid out of your special reserve, which you have built up, or out of the paid-in capital which you have, then you may call on all the governments, in proportion, to pay the amount of that loss." The loss is then adjusted and the Bank has what is recovered from the borrower, whether it is a smaller amount at a different rate, or whatever it may be. The governments are not called on to pay, under their 80 percent guaranty, until a loss occurs.

It is also provided in the agreement that the Bank will lend only up to 100 percent of its unimpaired capital and reserves. That is a very conservative provision. That means that the Bank is not going to have loans outstanding, as it might well have done, of three or four or five times its capital. Therefore, the chance that a member will be called on, under the Bank's guaranty, is very much reduced.

That is the system of the Bank and the Fund. I think there has been no objection in any quarter to the Bank. The Bank is the most conventional and conservative arrangement. The objections have been made to the Fund.

It has been said that the Fund uses a novel method of lending. The fact is that the Fund is not novel except in the sense that 44 countries would now do together, on a multilateral basis, what some of them have hitherto done on a bilateral basis. Our own exchange stabilization fund, established in 1934, has made agreements with about 12 countries under which the United States Treasury buys their currencies, for example, Mexican pesos, with dollars that must be used only to stabilize the exchange rate. The sale of dollars can be terminated at any time if the money is not used for the purposes contemplated by the agreement. The country selling its currency for dollars undertakes to repurchase its currency, and in the meantime the value of the foreign-currency holdings of our own fund are guaranteed against depreciation. This is precisely the method used by the International Monetary Fund.

Critics of the Fund have said that it would make loans without regard to the credit-worthiness of the borrower. The Fund agreement explicitly

states that the Fund will not undertake exchange operations with any country that is not in a position to use the Fund without impairing the Fund's resources. Countries may use the Fund only for the purposes of the Fund which include the taking of measures necessary to maintain stable and orderly exchanges. Countries that follow such policies are credit-worthy. Finally, the Fund can declare a country ineligible to use the resources of the Fund whenever, in the opinion of the directors of the Fund, the country is violating the provisions or the purposes of the Fund. What greater safeguard can there be than to give the directors of the Fund complete authority to refuse a country help from the Fund?

Opponents of the Fund have stated that the thing to do is to accept the Bank and not to accept the Fund, or to put them together in some way which leaves out most of the features of the Fund.

The answer is that, of course, it is possible to separate the Bank and the Fund. But to do so would mean a rejection of the Bretton Woods agreements and a complete rewriting of the documents. This is so because the Bretton Woods agreements have been thought of as one great conception, and therefore the documents relating to the Bank and the Fund are intertwined. The members of the Bank are those members of the Fund who wish to become members of the Bank. Any number of other provisions are interdependent. So the whole thing would have to be rewritten.

But the point which I think escapes people when they make the suggestion that the Fund be rejected is that the purposes which have been conceived of in this whole plan would not be achieved, if you do that. The whole heart of the matter is contained in the Fund agreement—in the operation of the Fund—which provides for putting aside the instruments of economic warfare, for putting aside this fratricidal struggle through currencies, to make it possible for currencies to be freely used through the world so that trade may expand.

It is one thing to make loans through a bank, under a system like that, and it is another thing to make loans through a bank when you have no such orderly system, but only a system of warfare. The Bank's loans will be infinitely safer where you have a fund operating which makes it possible for trade to expand and which makes

it possible for people to abandon restrictive measures.

Most of the difficulties we have experienced in connection with the foreign loans we have made in the past, aside from errors of judgment which may have occurred as to particular loans, have resulted from disasters which occur to whole countries, and to the whole of the trade of the world, from causes which the Fund would remove.

A loan may be just as sound as anybody can possibly ask for when it is made, but if international trade and international exchange are subject to all the hazards which come from economic warfare, then things which you have not foreseen will happen. The country will be unable to pay, not because it does not want to pay, but because it cannot get the money to pay, because it cannot get the trade which would develop the money to pay. We believe these difficulties will be eliminated by the Fund.

Therefore, from the point of view of the conception, from the point of view of the object which is sought to be attained, the Bank and the Fund are part of one conception, and to take away one part of it gives you something wholly different and something which was not contemplated.

I have run through the description of the Fund and the Bank. I have tried briefly to show how they can be instruments of peace, how they can help to end economic warfare. If many nations agree to cooperate and assist each other, they can, together, perfect financial instruments and develop the unused resources for the entire world. Thus a new confidence and a new hope may unite nations in the interest of the well-being of all.

Meeting of the International Cotton Advisory Committee

UNITED STATES DELEGATION

[Released to the press March 20]

The Department of State has announced that the following persons will serve as the United States Delegation at the forthcoming meeting of the International Cotton Advisory Committee, scheduled for April 2, 1945:¹

L. A. Wheeler, Director, Office of Foreign Agricultural Relations

E. S. Mason, Deputy Director to the Assistant Secretary for Economic Affairs, Department of State

C. C. Smith, Director of Cotton Division, Commodity Credit Corporation

C. D. Walker, Director, Southern Division, Agricultural Adjustment Agency

Visit of Brazilian Surgeon

[Released to the press March 23]

Dr. Edmundo Vasconcelos, distinguished Brazilian surgeon, and chairman of the Department of Clinical Surgery of the Faculty of Medicine of the University of São Paulo, Brazil, is a guest of the Department of State on a three months' tour of medical institutions in this country. Dr. Vasconcelos is especially interested in conferring with American colleagues and educators with a view to introducing new plans and curricula for postgraduate work in surgery at the University of São Paulo, based on first-hand observance of the latest American postgraduate teaching methods in that field.

Dr. Vasconcelos has been professor and head of the Department of Surgical Technique and Experimental Surgery since 1934 and is now chairman of the Department of Clinical Surgery in the hospital of the University of São Paulo, the largest hospital in Brazil. He is also surgeon of the Sanatório of Santa Catarina and Casa de Saúde Matarazzo, two of the leading hospitals of São Paulo.

Dr. Vasconcelos is a fellow of the American College of Surgeons, the Society of Gastroenterology of New York, and various Brazilian medical organizations. He is founder and director of the journal *Archivos de Cirurgia Clínica e Experimental* and the author of surgical textbooks, one of which has been translated into English under the title *Modern Methods of Amputations*.

Although Dr. Vasconcelos has represented Brazil at several international congresses of medicine and surgery, this is his first visit to the United States. His tentative plans for travel in the United States include visits to New York, Boston, Philadelphia, Baltimore, Chicago, St. Louis, and the West Coast.

¹ BULLETIN of Feb. 25, 1945, p. 301.

International Economic Cooperation for Peace

Address by ASSISTANT SECRETARY CLAYTON ¹

[Released to the press March 24]

Somebody has said that it is easier to make war than it is to make peace.

It could well be added that it is easier to *make* peace than it is to *keep* the peace.

But the San Francisco conference has the responsibility of setting up an international organization to do just that—to *keep* the peace!

Any organization designed to accomplish this purpose must deal with the economic as well as the political aspects of war and peace.

I wish to speak to you this evening about some of the economic conditions which are essential to the preservation of peace.

It so happens that these conditions are also highly desirable for their own sake.

Expanding world trade, increased production, free and equal access for all nations to the raw materials and trade of the world, and higher levels of living for all peoples everywhere are essential conditions to the maintenance of world peace. We know that our own security and economic well-being are closely linked to that of other countries. If other countries are suffering from depression and unable to buy our goods, our factories must reduce their output and lay off workers; our farms will have food and fiber that cannot be sold. The seeds of war find fertile ground when economic conditions throughout the world are unsatisfactory.

A solid foundation for peace means that there must be a high degree of international cooperation in the world, not only in the political field, but in solving the difficult economic problems that are so important to all peoples. We must not return to the unhappy conditions of the 1930's when nations engaged in vicious economic warfare. This period was marked by rising tariffs and other barriers to trade, by restrictions on the purchase and sale of foreign currencies, and by competition to depreciate currencies so as to gain a temporary trade advantage. The results were stagnant trade, unemployment, and, in some countries, the

growth of Nazi and Fascist philosophies, leading to war.

The Dumbarton Oaks Proposals, which are to be considered further at San Francisco, include provision for an Economic and Social Council wherein the member nations can agree upon policies to promote economic health throughout the world.

In addition to this Economic and Social Council plans for cooperation include several specialized international institutions, two of which are the financial institutions proposed at the conference held at Bretton Woods last July. These are the International Monetary Fund and the Bank for Reconstruction and Development.

Let us suppose for the moment that each State in this country had its own currency. The United States would then have 48 different currencies with fluctuating and uncertain relations between them. A person in Massachusetts selling goods in Ohio would receive Ohio money which could not be spent outside of Ohio. If a merchant in Philadelphia desired to purchase goods in New York, he would first need to acquire some New York money with which to pay for the goods. The rate for New York money would be frequently changing. Let us assume, furthermore, that in order to purchase or sell the currency of another State a license were required, and that applications for licenses were frequently denied. A person who had sold goods in another State would thus be unable to bring home the proceeds from his sale.

It is clear that such conditions in the United States would be intolerable, and would reduce trade to a fraction of its present volume. Yet, these are the conditions which have existed for 10 to 12 years throughout much of the world. The purpose of the Bretton Woods Proposals is to eliminate these conditions, and thereby to quicken and expand the exchange of goods and services between countries.

According to the provisions of the International Monetary Fund, all member countries would agree

¹Delivered over the Columbia Broadcasting System from Washington on Mar. 24, 1945.

to maintain their exchange rates at a stipulated relationship to gold. A change in rates could be made only in the case of some fundamental maladjustment, and then only by consultation with the Fund. If the change were more than a limited amount it could not be made except with the approval of the Fund. These provisions for exchange stability would mean the end of competitive currency depreciation which was the source of so much economic trouble before the war.

Another important provision is that countries would agree to abandon restrictions on the making of payments and the transfer of funds between countries for current transactions. This is a significant provision and would free foreign traders from their past difficulties of not being able to bring home the proceeds of their foreign sales, or not being able to buy the currency of a country in which they desired to make purchases. It would mean, for example, that an American exporter would get paid in money that he could convert into American dollars and at known rates. He would not end up with some blocked foreign currency.

The agreement provides that each member pay into the Fund a certain amount of its own currency and a less amount of gold. The amounts to be paid are determined according to quotas assigned the different countries. The United States quota is about 28 percent of the total. This common pool of resources would be available, under certain safeguards, so that a member could buy from the Fund, with its own currency, the currency of another member. Member countries would therefore be able to obtain foreign currencies to tide them over temporary periods of difficulty.

For example, if an agricultural country that normally was a heavy exporter of its products suffered a crop failure, it could go to the Fund, and if everything were in order it could acquire from the Fund needed foreign currency so that it could continue to import necessary goods. This pool of resources would thus provide a supply of currencies to help make currencies interchangeable one for the other, and also to equalize fluctuations in the demand and supply of a member for foreign currencies. It would give a country that was short of foreign currencies time in which to adjust its affairs without being compelled to alter its exchange rates or impose exchange restrictions.

Access to this pool of resources is carefully protected by provisions to prevent its abuse and to provide for its automatic replenishment by countries using it.

One of the significant things about the Fund is that the experts of 44 nations, after many months of discussion and study, have agreed upon the basic elements of currency stability, and on what have been called the "rules of the game". Any country which joins the Fund undertakes to abide by these rules, and to cooperate with other countries for the good of all.

The Fund is to be managed by a board of governors consisting of one governor appointed by each member country. Voting power is in proportion to a country's contribution, as determined by its quota. The United States would thus have 28 percent of the total votes.

A companion institution to the Monetary Fund is the International Bank for Reconstruction and Development. This Bank is designed to assist in the investment of funds in productive enterprises wherever they are needed. It would help to finance the reconstruction of devastated countries, enabling them again to become productive. It is highly important to the United States that the industries of such countries be rebuilt and that their cities, ports, and transportation systems be reconstructed so that they can again buy our goods and have the means with which to pay for them.

The Bank would also help finance the development of other countries where this could be done on a sound basis. Its loans would be made only after a thorough investigation.

The Bank would not take the place of private lending institutions, but on the contrary would assist such institutions by guaranteeing such of their loans as had been approved by the Bank. Most of the capital of the Bank, in fact 80 percent, would be available only for the purpose of such guaranties. Where private money, however, was not available on any reasonable terms, the Bank would be permitted to make loans itself. All loans made or guaranteed by the Bank would first be guaranteed by the national government of the borrower.

If there should be a default in a loan made or guaranteed by the Bank the loss would be spread throughout the entire world since such loss would be shared by all member countries.

It is important for the United States, as well as for other countries, that the flow of investment capital be restored. Foreign countries will need many products which the United States can supply, but these countries are not in a position under present conditions to make immediate payment for these goods. They need initial credits if they are to buy. The United States has at the same time enormously increased its productive capacity, especially in heavy capital goods such as machinery, equipment, and tools. Its production of such goods will be far in excess of its own requirements. If we are to attain a satisfactory level of employment after the war, we must find markets abroad for our surplus production.

Such markets certainly exist in almost unlimited volume. In order for the United States to take advantage of these potential markets it is necessary to assist foreign buyers in acquiring dollars with which to pay us until they can restore their own productive capacity.

In the end we must import if we wish to export. Trade is a two-way street, and we cannot continue to sell abroad unless we are willing to buy abroad. We must therefore eliminate trade discriminations and reduce our own tariff barriers if we wish to facilitate the expansion of world trade and to increase our real incomes here at home.

The Bretton Woods institutions are designed to assist in the development of this expansion in world economy, with greater production and consumption and rising levels of living for all peoples everywhere.

If democracy and private enterprise are to survive in the world they can only do so by measures which will prevent a resumption of the type of international economic warfare which was indulged in by practically all nations between the two World Wars.

Political arrangements alone for the preservation of peace in the world will not do the job if international economic warfare rears its ugly head again as it did after the first World War.

The part which the United States is to play in this program depends in the end upon the decision of 135 million American citizens.

That decision is certain to be right if the issues involved and the measures proposed are fully understood.

Aviation Agreements

[Released to the press March 23]

Ethiopia

The Honorable Blatta Ephrem Tewelde Medhen, Minister of Ethiopia, signed on March 22 the following agreements concluded at the International Civil Aviation Conference in Chicago on December 7, 1944:

Interim Agreement on International Civil Aviation

International Air Services Transit Agreement (Two Freedoms)

International Air Transport Agreement (Five Freedoms)

The Ethiopian Minister informed the Acting Secretary of State in a note dated March 22 that the signatures affixed on behalf of the Ethiopian Government to the interim, transit, and transport agreements constitute an acceptance of those agreements by Ethiopia.

Including Ethiopia, 43 countries have signed the interim agreement, 35 countries the transit agreement, and 23 countries the transport agreement; 5 governments have accepted the interim agreement, 5 governments the transit agreement, and 3 governments the transport agreement.

UNRRA Agreement

Colombia

Sr. Alberto Vargas Nariño, Colombian Chargé d'Affaires ad interim, transmitted to the Secretary of State, with a note dated March 15, the instrument of ratification by the President of the Republic of Colombia, dated February 20, of the Agreement for United Nations Relief and Rehabilitation signed in Washington November 9, 1943, and a certified copy of the *Diario Oficial* of February 6 publishing Law 101 of 1944 by which the Congress of Colombia on December 31, 1944 approved the agreement. The instrument of ratification and the certified copy of the *Diario Oficial* were deposited in the archives of the Department of State on March 16.

Operation of the Proposed Voting Procedure In the Security Council

[Released to the press March 24]

The Department has received inquiries concerning the operation of the proposed voting procedure in the Security Council as agreed to at the Crimea Conference.¹ These inquiries relate to the peaceful settlement of disputes in cases (a) when a permanent member of the Security Council is involved, and (b) when a permanent member is not involved.

The question is put in the following form: Could the projected international Organization be precluded from discussing any dispute or situation which might threaten the peace and security by the act of any one of its members?

The answer is "No." It is only when the question arises as to what, if any, decision or action the Security Council should take that the provisions covering the voting procedure would come into operation. This Government proposed the provisions for voting procedure in the Security Council, which have been accepted by all governments sponsoring the San Francisco conference, as part of the Dumbarton Oaks Proposals, which will afford a basis for a pattern for the international Organization. It is this Government's understanding that under these voting procedures there is nothing which could prevent any state from bringing to the attention of the Security Council any dispute or any situation which it believes may lead to international friction or may give rise to a dispute. And, furthermore, there is nothing in these provisions which could prevent any party to such dispute or situation from receiving a hearing before the Council and having the case discussed. Nor could any of the other members of the Council be prevented from making such observations on the matter as they wish to make.

The right of the General Assembly to consider and discuss any dispute or situation would remain, of course, at all times untrammelled.

THE VOTING PROCEDURE

Under the proposed voting procedure for the Security Council an affirmative vote of seven out of the eleven members is necessary for decision on

Statement by ACTING SECRETARY GREW

both substantive and procedural matters. Decisions as to procedural matters would be made by the votes of any seven members.

A. When a permanent member is involved.

In decisions on enforcement measures, the vote of seven must include the votes of all five permanent members whether or not they are parties to the dispute. On questions involving the peaceful settlement of disputes, no party to the dispute—whether or not a permanent member—may vote. In such decisions the vote of seven must include those permanent members which are not parties to the dispute.

This means that when a permanent member of the Security Council is involved in a dispute the representative of that state may not vote on matters involving the peaceful settlement of that dispute (under Section A of Chapter VIII). In other words, that permanent member would have no "veto" in these matters. In this case, however, the remaining permanent members must concur in the total vote of seven by which the Security Council reaches its decisions. Any permanent member not party to the dispute would thus have a "veto", should it care to exercise it.

Further, if two of the permanent members of the Council are parties to a dispute, neither of them can vote and the decision must be made by the three remaining permanent members and four of the non-permanent members of the Council. If more than two permanent members are involved in a dispute the vote would require the concurrence of the remaining permanent members plus the number of non-permanent members necessary to make a total of seven. Under such circumstances, if there are four members of the Council involved in the dispute—and, therefore, none of the four could vote—each of the remaining members of the Council, whether permanent or non-permanent, would have the same "veto".

B. When a permanent member is not involved.

When a permanent member of the Security Council is not involved in a dispute, the affirmative vote of each of the five permanent members is required for the Council to take any decisions or action on that dispute,

¹ BULLETIN of Mar. 11, 1945, p. 394.

"Building the Peace"

What About the Enemy Countries?

[Released to the press March 24]

VOICE No. 1: How are we going to deal with the Nazi war criminals?

VOICE No. 2: How can we reeducate the German people, who have been getting nothing but Nazi propaganda for so long?

VOICE No. 3: What about our unconditional-surrender policy?

ANNOUNCER: Tough questions. But we must find the answers if we don't want to pave the way for World War III. For authoritative information regarding our foreign policy, NBC's University of the Air calls upon officials of the Department of State, in seven broadcasts on the problems of *Building the Peace*. These programs are part of a larger series on "Our Foreign Policy", for listeners in this country and, through the facilities of the Armed Forces Radio Service, for our service men and women overseas, wherever they are stationed.

This, the fifth of the State Department programs, is about the enemy countries. Assistant Secretary of State Archibald MacLeish has with him Assistant Secretary James C. Dunn, who is in charge of European, Near Eastern, and Far Eastern Affairs, and Ambassador Robert Murphy, Political Adviser to General Eisenhower. And now—

MACLEISH: This is Archibald MacLeish. I want to quote a paragraph or two from a letter sent in by a man who lives on Monroe Street in Memphis, Tennessee. It will explain our purpose in being here tonight far more eloquently than I can. Our correspondent says:

"In yesterday's paper I read that the outfit with which I served in World War I, and which spent a year 'occupying' Luxembourg, has just taken Trier again. To me things like this are certain

PARTICIPANTS

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Assistant Secretary of State

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United States Political Adviser on German Affairs, SHAEF

KENNEDY LUDLAM

Announcer for NBC

proof that a do-nothing policy has gotten us nowhere, and fast.

"My personal policy is boiled down to this: Will it be necessary for the Fifth Division to occupy Trier for the third time?"

That's a fair question. It's up to us—to you who are listening, and to those of us who are

charged with responsibility for the formulation of our foreign policy—to make sure that the Fifth Division won't have to occupy Trier a third time.

Now, what about Germany? Such influential newspapers as the *New York Times*, the *Philadelphia Inquirer*, the *Washington Post*, and the *Christian Science Monitor* have asserted that it is time for the people of the United States and the United Nations to be more fully informed about our intentions with regard to Germany. We hope to make our position on this question clear. And this is a most appropriate time to do it, with Allied armies advancing rapidly into Germany from the east and from the west. I have here with me two men who are directly concerned with our policy toward a defeated Germany. Ambassador Robert Murphy has just come from the European theater of war, and is about to return to his duties as Political Adviser to SHAEF—S-H-A-E-F—Supreme Headquarters of the Allied Expeditionary Force. Is that right, Mr. Murphy?

MURPHY: That's right, Mr. MacLeish. I might add that the State Department is working hand and glove with the Army in these matters. That's why I'm assigned to SHAEF.

MACLEISH: There's one question, Mr. Murphy, which has been the subject of much discussion here at home in recent months—our demand for unconditional surrender. The public-opinion polls show that an overwhelming majority of Americans support this demand. But there are some who argue that this policy forces the Germans to fight on, making victory more expensive for us. What do you think of that argument?

¹ Broadcast over the network of the National Broadcasting Company on Mar. 24, 1945, the fifth in a series of seven sponsored by the Department of State.

MURPHY: That's pure eye-wash. If we offered the Germans any sort of compromise—which we have no intention of doing—it would be taken as a sign of weakness. They wouldn't believe us anyhow; the Nazi propagandists have drilled into their minds too long the idea that Wilson's Fourteen Points were just a ruse to get Germany to surrender in 1918. This time the Germans will not be able to claim that they were duped into laying down their arms. They are now witnessing the thing they understand best—superior force of arms.

MACLEISH: We have made it abundantly clear, too, in our broadcasts to Germany and in the report on the Crimea Conference, that "it is not our purpose to destroy the people of Germany, but only when Nazism and militarism have been extirpated will there be hope for a decent life for Germans".

MURPHY: And judging from the increasing number of German soldiers who are surrendering, Mr. MacLeish, and the large numbers of German civilians who are disobeying their leaders' demands that they evacuate the western areas—the German people understand us on this point. They know that we mean to destroy German militarism and Nazism, and they respect us for it. The German people are very tired of war.

MACLEISH: That's the way it looks from Supreme Headquarters in Europe; how does it look from the desk of the Assistant Secretary of State in Charge of European Affairs? Mr. Dunn, you have your own views on the unconditional-surrender policy.

DUNN: Yes. I think it's more than a military problem. We've got to realize that while our primary military objective is the defeat and unconditional surrender of the German forces, it is just as necessary for us to require the unconditional surrender of the German Government. This is essential if the necessary steps are to be taken to prevent a resurgence of the militarism which has caused this war and the previous wars started by Germany. Anything short of a realization by the German people that their whole apparatus for making war is to be stamped out would only give rise to another wave of militaristic planning. Remember, last time we had an armistice instead of unconditional surrender.

MACLEISH: Here's a letter from a corporal in the European theater of war, who also has ideas on this subject:

"I was very angry when I read (about the talk of) a negotiated peace. I have seen enough of the

German soldier to form the definite conclusion that a negotiated peace will not end this war to any soldier's satisfaction. . . . I want to become a civilian just as much as the other fellow. But when I do become a civilian, I want to stay a civilian. I don't want to be called up again in five years, which is what will happen if we give the Germans a negotiated peace."

That was a corporal in the Army, who spent 80 days in combat before he was wounded. He wrote from an Army hospital overseas.

MURPHY: I know he speaks for our men over there. He speaks for us, too. Fortunately, this will soon become a dead issue in any event. Germany's choice now is between unconditional surrender and pulverization, and if they choose pulverization, they will have only themselves to blame for following vicious leadership.

MACLEISH: Another question we frequently get in this field is: What about the war criminals? Will they get away this time? One writer states: "I am very much concerned over your failure to advocate punishment of war-guilty leaders of Germany and Japan—surely you will not favor them going unpunished."

Now, one writer has stated that after the last war a list of 896 war criminals was compiled by the Allies and submitted to the Germans. By clever bargaining, the German Government reduced the list to 45. Only 12 were actually brought to trial, however, and only 6 were convicted, with light sentences. Can such a miscarriage of justice occur again, Mr. Dunn?

DUNN: That's out of the question, Mr. MacLeish. We are fully determined to punish the war criminals this time. There is complete agreement among the Allied nations that all of them will be apprehended and will be "brought to just and swift punishment", to quote the Yalta declaration.

MACLEISH: How do you define a war criminal? Let's start right at the top. Hitler will, of course, be considered a war criminal.

DUNN: Yes, unquestionably.

MACLEISH: The fact that he is chief of state is no reason for excluding him? Some writers have expressed the fear that some such legalistic reasoning will stand in the way of justice being done.

DUNN: Hitler and Himmler and the others will be judged on the basis of the acts which they have committed or have caused to be committed. Hitler is directly responsible for the enslavement of the Jews and foreign workers; he is responsible for the mass murder of Jews, Poles, and others; for

such crimes as pillage, extortion, and arson; and for numerous other common crimes. He must be held responsible for them as an individual. There is no question in the world but that he is responsible, with others, for the initiation of policies which resulted in all of those acts.

MACLEISH: How far down the line would this go, Mr. Dunn? What about the Gestapo? It's supposed to be a voluntary organization which nobody is forced to join; should its members therefore be held responsible for the organization's crimes?

DUNN: We think that members of the Gestapo who have carried out criminal acts must be punished. All persons, whether members of any such organization or not, who have committed any of the acts which are considered crimes against humanity will be considered war criminals. We are interested first of all in justice being done, not in technicalities.

MACLEISH: Mr. Murphy, does all this square with the plans being developed at Allied headquarters?

MURPHY: I think Jimmy Dunn has expressed our views very well. In dealing with the part of Germany our American troops have occupied so far, we have apprehended any known war criminals who have been left behind. Our military authorities have dismissed Nazis from responsible positions as quickly as they could be identified and replaced, regardless of whether or not there were any specific charges against them. As American forces progress and larger areas fall to their jurisdiction, this becomes a major responsibility. After all, in Germany at last reports there were some 6 million members of the Nazi Party and 2 million of them held major or minor offices.

MACLEISH: Now let's examine that other legalistic argument which has been cited as a possible loophole for war criminals—the argument that if an individual is merely carrying out orders from above in committing atrocities, he's not personally responsible. Will that argument be given any weight, Mr. Dunn?

DUNN: I think we should look at the act itself, Mr. MacLeish. We are determined to punish the *individual* for the acts which that individual has committed. We will make only one stipulation—that there must be a fair trial in every case.

MACLEISH: How about atrocities committed by Germans against Germans, for example, against German Jews? Will the perpetrators of such crimes be punished?

DUNN: Yes, we expect to go the whole way on this. Under Secretary Grew made that clear a few weeks ago in one of his press conferences. He said that we proposed to bring the Axis leaders and their henchmen who have committed war crimes and atrocities to justice, regardless of who the victims were. That applies to crimes of Germans against Jews, and against the people of every occupied country.

MACLEISH: An accountant up in Newark who wrote in asking us to discuss this whole question as it applies "not only to soldiers but also others who have helped Hitler to get his power" brings up this question: Will Nazi industrialists be included in the definition of war criminals? I don't mean as a group. But take a case like this, and there will be quite a few like it, I'm sure: A German industrialist has supported Hitler from the outset. He has helped finance his rise to power, supported the rearmament of Germany, sold arms to the Nazi Government at a profit, used forced labor from the occupied countries in his plant, and supported the Nazi cause and cooperated with the Nazi Government in every way. Would that man be classed as a war criminal?

DUNN: Well, Mr. MacLeish, whether he would actually be punished as a war *criminal* would presumably depend on whether he committed a specific criminal *act* or caused it to be committed. But he would certainly be among those to be dealt with. There will inevitably be a lot of borderline cases for which a yardstick will have to be constructed. We don't want any of the war criminals to get away.

MACLEISH: You have certainly made our position on war criminals clear enough, Mr. Dunn. Some people seem to think we're just going to sit behind dusty legal volumes and let the culprits get away.

DUNN: They're mistaken. They're dead wrong.

MACLEISH: There have been some press reports that Nazi political leaders and businessmen have their plans all laid for escape, or have already escaped, to certain neutral countries. Is that true, Mr. Dunn?

DUNN: Our representatives in the neutral countries have been on the alert for prominent Nazis coming in, but there has been no sign of it so far.

MACLEISH: Can you summarize the steps that have been taken to prevent the escape of war criminals?

DUNN: We have had assurances from most of the neutral countries that they would refuse ad-

mittance to any Axis war criminals and would deport them if they came in illegally. We are not entirely satisfied on this as yet. But we will take every necessary step to prevent the criminals from escaping.

MURPHY: Our military have instructions to round them up before they can get away, and we will act quickly when we occupy Germany.

MACLEISH: Mr. Murphy, you have seen the work of the United Nations War Crimes Commission in London. There is a prevalent idea in this country that it is supposed to set up the machinery for catching the war criminals and bringing them to trial.

MURPHY: The present War Crimes Commission was set up at the suggestion of the British. It includes representatives of 15 of the United Nations, including the United States and Great Britain, and we hope later the Soviet Union. It identifies and lists war criminals. It is a commission for preliminary study and has not been given executive powers.

MACLEISH: The Soviet Union, according to the press reports over here, deals with the war criminals she captures swiftly and drastically. But Mr. Murphy points out that she is not represented on the War Crimes Commission. Does this mean there is a difference of policy between the Russians and ourselves, Mr. Dunn?

DUNN: No. There is no difference of policy. There is complete agreement among the three big powers on this general issue.

MACLEISH: Ambassador Murphy, there have been criticisms of our occupation policy as regards the use of Fascist officials locally. I have seen allegations that Fascist officials have been left in local office in Italy, and recently a New York newspaper said that four Nazis were left in official positions at Aachen. Is that true? If it is, how do you reconcile that with the tough policy you have both been outlining?

MURPHY: On the contrary, in Aachen we have systematically removed not only Nazi Party members but others known to be hostile to the Allies. When we reconstituted the administration, a few Nazis were unwittingly left in office, but I was assured just before I left SHAEF that they had been removed. Of course, you've got to consider this: It sometimes takes our combat commanders a little time to find out who the Nazis are. But our policy is definite and unequivocal. We intend to have no truck with the Nazis, or with people

known to hold Pan-German theories, for that matter.

MACLEISH: Pan-Germanism—by that I understand you to mean the theory that it is Germany's destiny to expand, to take in Germans everywhere in the world, and to create a German superstate—Pan-Germanism is classed with Nazism as a dangerous doctrine, then?

MURPHY: It is one of the basic Nazi theories. In a way it is even more dangerous than Nazism in that it goes back much farther and has inspired German aggression time and time again.

MACLEISH: Can you give us a quick fill-in on the way the AMG—that is, the Allied Military Government—program operates in occupied German territory?

MURPHY: Well, the first step of the Allied forces on moving into a new place is to dissolve all Nazi and affiliated organizations. Our forces revoke all Nazi laws which discriminate against racial minorities and anti-Nazis generally. They also get rid of the Nazis in all official posts as soon as possible. Complete freedom of religion is established. When all this is done, and matters are running more or less smoothly, our occupation forces get on to other things.

MACLEISH: You might mention some of the "other things."

MURPHY: All Nazi newspapers are closed down immediately, of course; but as the press is essential, newspapers are gradually allowed to resume publication, under close supervision, after sifting out the Nazis on the staff. Licensing boards will be established to supervise this whole process.

MACLEISH: There has been a great deal said and printed over here, as you probably know, about the necessity for encouraging democratic tendencies, such as may exist in Germany, to provide a basis for popular government in the future. One newspaper columnist put it in this way: "If we treat the whole nation as Nazis, they will react as Nazis. If we differentiate, we will discover differences." Do you agree with that, Mr. Murphy?

MURPHY: Well, Mr. MacLeish, I don't think we should be too optimistic about the early discovery of many "democratic" Germans. After a dozen years of Nazi rule, there's not much left to build on. But we are trying. We are encouraging the trade unions to organize again. Eventually, I believe, we should make it possible for some of the qualified workers in the mines and factories to participate in their management.

MACLEISH: That would be a forward-looking policy by anybody's book. But how about political organizations?

MURPHY: Our only move so far is to outlaw all Nazi political organizations. Eventually we expect to see the political parties which were dissolved by the Nazis stage a come-back. But that would be premature now because of the military situation. It will have to be done gradually. Local self-government will have to come first.

MACLEISH: When the occupation comes, it will of course be shared among the four occupying powers. Now, to what extent have detailed plans been drawn up for that, Mr. Dunn?

DUNN: Well, there has been an understanding among the nations as to the general location of the occupation zones. And there has been agreement on the type of central control machinery which will govern Germany—the Allied Control Council.

MACLEISH: How long do you think Germany will probably have to be occupied?

DUNN: It's absolutely impossible to make any predictions as to actual time periods in connection with occupation. One thing is certain: It will be necessary to keep Germany under control for a great many years in order to insure that she doesn't rebuild her armament and start up her militaristic activities all over again. After the tapering off of military control, it will still be necessary to control manufacturing, and possibly the whole economy.

MACLEISH: And what would that require? A corps of civilian observers?

DUNN: Yes. But whatever type of system or control is put into effect, we must not get the idea that that is the solution; it is going to require continued vigilance on the part of this country and the world to see that Germany does not again rearm. No matter what system we adopt, we've got to be on the alert to prevent a new growth of German militarism. Don't you think so, Bob?

MURPHY: I agree. We should be wary of putting our entire confidence in any particular plan of control, as such. We should always bear in mind the importance of Allied unity in dealing with the German problem, and the importance of vigilance in maintaining whatever system of control the Allies put into effect. But, whatever system is adopted the most important element is that there should be back of it informed American public opinion and a continuing interest by our people in this problem.

MACLEISH: Do you think that very large American forces will have to be used over a long period of time to help in policing Germany?

MURPHY: Of course, when the collapse or surrender of Germany takes place, there will be very large American forces in Germany. The size of the American Army to remain in Germany thereafter, for carrying out German disarmament and control, would depend on two things. One is the time we will need effectively to carry out our part of the job; the other is the use of whatever American troops may be necessary in the Far Eastern war.

MACLEISH: Then there is the question about the division of Germany into three or four parts. Several writers have suggested that, Jimmy.

DUNN: The answer to that will depend on the final decision of the United Nations as to the most effective means of preventing Germany from again becoming a war-making nation. That's the prime consideration.

MURPHY: It's not impossible, of course, that there may be a movement inside Germany to divide the country. If such a tendency occurs and the Allies find it to be in the interest of long-term security and the future peace, they may encourage and approve such a development. This question naturally is of the longer-range variety. It should be answered in accordance with what seems to us to be our best interests, and the best interests of Europe as a whole.

MACLEISH: A woman out in Wisconsin has written to ask whether the Austrians will be treated differently from the Germans proper. Jimmy, will the fact that Germany annexed Austria by threat of violence influence our treatment of the Austrians?

DUNN: The Governments of the three big powers made a declaration at Moscow in 1943 in favor of the reestablishment of the independence of Austria. They also added that the action taken by the Austrians themselves in liberating Austria would be taken into account, in determining the status Austria would have after the war. We have reminded the Austrians of that again recently.

MACLEISH: Suppose the Austrians want to continue *Anschluss*—that is, union with Germany—for economic reasons. Would the policy you mention rule that out?

DUNN: I should think *Anschluss* would be definitely ruled out, Archie. Austria would not be combined with Germany in any way, within the foreseeable future at any rate.

MACLEISH: There has been some controversy, as you gentlemen know, over just how Germany should be controlled economically. The alleged proposal that most of Germany's industry be destroyed and Germany be reduced to an agricultural country has been the biggest storm center. Most of the press, and public opinion generally, has opposed it. But a great majority of the public favors stripping Germany of all industry she might conceivably use for war purposes.

DUNN: There's no doubt that will be done. The Yalta declaration says: "It is our inflexible purpose . . . to eliminate or control all German industry that could be used for military production."

MACLEISH: Some commentators over here have pointed out that in view of war damage, German industry will be almost entirely destroyed. In view of this, what about reparations?

DUNN: Under the Crimea Conference decision the matter of reparations from Germany was left to a commission to meet in Moscow. Isador Lubin, who has long been head of the Bureau of Labor Statistics in the U.S. Department of Labor, is to be the American Delegate to the Commission.

MACLEISH: Now we come to one of the toughest questions we have to deal with—that is, the reeducation of the Germans. A recent opinion survey showed that Americans believe, by a majority of more than two to one, that there won't be "enough of the right kind of Germans within Germany to reeducate the people along democratic lines". How about that, Jimmy? Are we going to be able to reeducate the Germans?

DUNN: I think this is a very broad problem, one that will have to be given very careful study by experts in the field of education. A program of reeducation which would make Germany a peace-loving nation must be instituted. It seems to me that the two most important aspects of the long-range treatment of Germany are the reeducation of the Germans and the reestablishment of the rights of labor.

MACLEISH: A radio forum I heard recently came to the conclusion that reform of education should come from within Germany, but that such reform should be made "a part of an international program of cooperation, through an international office of education". In the light of your experience, so far, Bob, do you have any ideas on how reeducation should proceed?

MURPHY: Well, to begin with, Archie, all Nazi teachers, teachings, and textbooks must be eliminated in the early period of control. Schools will

be closed temporarily until necessary adjustments of faculties and textbooks have been effected.

MACLEISH: Will there be enough Germans who are democratic and anti-Nazi to fill the teaching jobs?

MURPHY: That is a tough question. In the Aachen area it was found that only a small percentage of the school teachers who remained were not members of the Nazi Party. Some of the local Germans who offered their services to the Military Government authorities, proposing to carry out a program of education adapted to liberal ideas, were found to be of exceedingly doubtful origin. It will not be easy always to identify a school teacher as a member of the Nazi Party or to determine what affiliation he or she might have had with Nazi organizations, such as the Storm Troopers or the Hitler Jugend. This will require careful and patient screening over a considerable period of time. I believe that unquestionably the Allies must supervise this delicate operation.

MACLEISH: According to one public-opinion poll, two thirds of Americans favor some sort of Allied supervision over German education after the war.

DUNN: I should think we would certainly want to keep an eye on the reeducation process. That will be essential if we ever expect to see a democratic Germany emerge from the occupation period. But to bring that about—we'll have to find or train Germans to do the main job.

MACLEISH: Now, gentlemen, we have spent virtually all of our time on Germany, which is appropriate enough, since we've got to deal with a post-war Germany in the very near future. In the Pacific there is much more fighting still to be done. But, Jimmy, you might at least touch on our policy toward Japan.

DUNN: Well, Archie, our plans are much less advanced where Japan is concerned. We have to take first things first. Then, too, very little can be said about long-range plans for Japan, for obvious military reasons.

MACLEISH: Of course, some things are a matter of record. Our stand on unconditional surrender applies to Japan as well as Germany.

DUNN: Yes. We'll have no more truck with the Japanese militarists than with the Nazis. As far back as December 1943, the Cairo declaration made it clear that "the three Allies . . . will continue to persevere in the serious and prolonged operations necessary to procure the unconditional surrender of Japan". President

Roosevelt, Prime Minister Churchill, and Generalissimo Chiang Kai-shek said that.

MACLEISH: And the same United Nations leaders also announced at Cairo that Japan will be stripped of every bit of territory she has taken by force of arms, since she started on the warpath back in the 1890's. Formosa and Manchuria will be restored to China, and the Koreans will get their independence "in due course", which presumably means as soon as they are in a position to govern themselves. What can you add to that, Jimmy?

DUNN: Well, as Under Secretary Grew has said, "There can be no peace anywhere in the world until the Japanese, as well as the Nazi enemy, is laid low". If the resistance on Iwo Jima is any criterion, we've still got a big job on our hands to defeat Japan on her home islands and on the mainland. Once Japan is beaten, she will of course be completely demilitarized, like Germany.

MACLEISH: One question that our correspondents show a lot of interest in is: What is our policy toward the Japanese Emperor?

DUNN: Mr. Grew has told the Senate Committee on Foreign Relations that no one is in a position to determine the post-war position of the Japanese Emperor at this stage of the game. I would like to say this—certainly neither the State Department nor Mr. Grew is defending the Emperor.

MACLEISH: What this all seems to come down to is the conclusion that our plans for the treatment of Japan, like the end of the Japanese war itself, are still in the future. So far as Germany is concerned, however, we seem to be able to make some pretty precise statements. I would sum them up in this way. First, we are definitely committed to the policy of unconditional surrender. We believe that Nazism can only really be destroyed and the war really won on that basis. We believe the great majority of the American people feel the same way. Secondly, it is not our purpose to destroy the people of Germany but only the gangs who have misgoverned, mismanaged, and misled them. That means that we propose to punish—and really to punish—the guilty war leaders and their tools and agents. Third, our whole policy for the occupation of Germany is a policy aimed at stamping out Nazi controls at every point. We don't know how long it will be necessary to occupy Germany in order to undo the evil work which has been done there, but we propose to stay with the job until

it is finished. We believe, however, that something more than the destruction of the physical power of Germany to make war will be required. We feel that the German people must themselves change their point of view about their relation to the rest of the world. This we think is one of the toughest problems with which we are faced. It is tough because it is part of the larger problem of the future reintegration of the German people into the community of mankind.

ANNOUNCER: That was Archibald MacLeish, Assistant Secretary of State in Charge of Public and Cultural Relations. With him were Assistant Secretary James C. Dunn, who is in charge of European, Near Eastern, and Far Eastern Affairs, and Ambassador Robert Murphy, Political Adviser to General Eisenhower. This was the fifth of seven programs on the problems of *Building the Peace*, featuring top officials of the Department of State. Copies of this broadcast or of all seven State Department programs may be obtained by writing to the Department of State, Washington 25, D.C. These programs are part of a larger series on "Our Foreign Policy", arranged by NBC's University of the Air. Starting on April 14, NBC will present members of the Senate Foreign Relations Committee, after which the series will be moved to San Francisco for the opening of the United Nations Conference on April 25.

Next week at this same time you will hear a discussion of America's good neighbors in Latin America. Archibald MacLeish will be back. With him will be Assistant Secretary of State Nelson Rockefeller, who is in charge of American republic affairs. Mr. Rockefeller recently returned from the Inter-American Conference on the Problems of War and Peace at Mexico City, as did Mr. Avra Warren, Director of the Office of American Republics, who will also be on the program, and our Ambassador to Cuba, Spruille Braden, who will speak from Habana. They will answer such questions as these:

VOICE No. 1: How is the good-neighbor policy related to the Monroe Doctrine?

VOICE No. 2: What is this Economic Charter of the Americas that came out of the Mexico City conference?

VOICE No. 3: What about Argentina?

ANNOUNCER: This program came to you from Washington, D.C. This is the National Broadcasting Company.

The Youth of the World and the Problem of Peace

Address by BRYN J. HOVDE¹

[Released to the press March 21]

To you who have organized this most inspiring meeting, let me express sincere congratulations. I know from considerable personal experience what shrewd planning and solid work it takes to organize such an occasion. You have reason to feel deeply gratified. But even more I would congratulate the multitudes in the United States and in all freedom-loving countries who cherish the ideals of peace. Whether this world shall be at peace for but a relatively short time or for a long time depends upon the youth of the world. Very likely the terms and conditions of peace, and its organizational structure, will be more directly the handiwork of your fathers and mothers, even your grandparents, than your own. Yet, important as we must agree this immediate handiwork to be, it is not important at all compared with the degree to which the young people of the world are now and remain throughout their lives determined to maintain the peace. If they are utterly so determined, they will continually repair and improve upon the work of their elders. They will properly nurture their children to continue on the same road, but beyond the point they reached themselves. If, through the determination of the youth of the world, peace can be preserved and made to grow for two or three generations, perhaps conditions so favorable for its maintenance will have been created that it will never again be seriously disturbed. It is because you have in the World Youth Week, in your organization, and in your work exemplified the determination of youth for peace that I feel deeply hopeful for the common people of all lands.

Here I suppose I might, in a way, appropriately close my remarks, for this in general is what I came to say. But the urge to elaborate somewhat upon the text is irresistible to one whose work in life has been mainly that of learning and teaching.

I shall not speak with special reference to the youth that is present here or even directly rep-

resented here. Your organizations and their members have undoubtedly labored in thought to a point quite beyond the simple things I shall say tonight. Until the war began we of middle age considered our generation the generation of youth. Looking backwards now I realize that we viewed the generation pretty elastically. But with the war we were suddenly and brutally made old-age conscious. We suffer rather tragically from a sense of failure. We are prone to consider ours a *lost generation*. We have a profound parental devotion to your generation, the youth of today. You are confronting today almost identically the same problems as we confronted, too, at your age. Therefore I ask you to consider me for the time being a self-appointed spokesman for the thoughtful members of our generation, or, if you will, the Lost Generation, to your youthful generation, which must not lose itself.

In the wilderness certain rules, if we take careful note of them and make them *ours*, will enable us always to move freely about without losing the way. Our older generation probably lost its way, it seems to some of us, because we rushed on headlong to make what we called "progress", without taking these rules into account. We are much concerned that your splendid younger one shall avoid our errors. Considering how *we* failed and how *you* are paying for that failure, it may seem impertinent of us to give you advice. But, after all, we have quite an interest in you; weak as we may have been, we gave you life. In making the most of life, experience is very helpful—especially if it be bitter but vicarious. It has been bitter to us; may it be only vicarious to you.

The first principle, one which was missed by most of us, but which properly learned can never be lost from view, is at the same time very simple and very mysterious. It cannot be learned without positive and conscious effort, yet it comes naturally to him who makes the effort. It is furthermore something which can only be learned by the individual for himself, yet it must be a light and a guide to the whole generation. It is not easy to describe in words. But if you know what

¹ Delivered before the World Youth Rally in New York, N. Y., on Mar. 21, 1945. Mr. Hovde is Chief of the Division of Cultural Cooperation, Office of Public Affairs, Department of State.

Socrates meant when he said "Know thyself," you have learned this landmark. Shakespeare put it a little differently: "To thine own self be true . . . thou canst not then be false to any man".

Knowing oneself is vastly different from knowing how to read, knowing what is in the textbook, or even knowing science so well as to possess mastery over the energies of nature. Academic robes bespeak no degree of attainment in self-knowledge. This is essentially a question of personal morality, a question of having convictions. No generation previous to ours had been marked by so high a degree of literacy, book knowledge, and scientific mastery of nature. But for want of truly knowing itself, thus attaining a moral mission in life, our generation remained badly confused. Progress to most of us had no social or ethical connotation; it consisted merely of being able to have or enjoy the wonderful gadgets produced by applied science. No wonder we got lost, so much lost that we did not even protect the peace that allowed us to enjoy our false kind of progress. You must, in the words of Kierkegaard, become ethical, not merely esthetic, personalities; you must give your individual thinking order and direction if you are going to establish order and peace among nations. The individual is still important.

There is another point of reference, which will prove a good guide. He who knows himself well enough will have no difficulty learning this rule, namely, that we must have regard for other people. Robinson Crusoe is interesting mainly for his misfortune in being isolated from his fellow men, and only secondarily for his ingenuity in finding ways to remain alive. The fact is that the rules by which men live best, their ethics in other words, are almost preponderantly rules for living with other human beings. The rights we claim for ourselves as individuals we cannot long enjoy unless we extend them to our fellows. The right of free speech is not one that any individual or even any group of individuals can monopolize and long continue to enjoy for themselves. Its very denial to anyone creates the conflict that must eventually cause it to be shared. The right of access to the truth, through education, through free informational services such as the press, the radio, and motion pictures, and through forms of worship, cannot in the long run be withheld from any one without entailing its loss to those who would limit it. We have learned by bitter experience in our older generation that an economic and social system which

results, either by deliberate design or by mere inadvertence, in scarcity of work and in social insecurity for some can only jeopardize the work and security of all. Democracy is a contradiction of itself unless it be complete. Therefore, man does not live unto himself alone.

We have learned by experience this simple lesson, which we could have learned from history and which we would spare you the bitterness of learning by your own experience—the lesson that the establishment of *peace at home* is a necessary antecedent to the establishment of *peace between nations*. The nation that has no peace at home, which permits irreconcilable conflict to endure within its own body, will be a disturber of peace between nations. Peace at home, however, cannot be won by the brute force of one group, even if that group be a majority. It can exist only by substituting the processes of orderly change for an impossible unchanging order. The cure for the evils of partial democracy is more, not less, democracy. And democracy is based upon the ethical principles of individual integrity and regard for our neighbors. When the youth of today wants peace between nations, it must know that it must first establish a democratic peace at home.

Finally, there is a third point of orientation which our generation knows from sad experience must not be lost from view. It can be expressed idiomatically in the cliché, "Get wise, organize!" Having learned, each within himself, the lessons of personal integrity and personal conviction, and having imbued itself with a democratic regard for the well-being of other individuals and groups, the youth of the world must organize *to achieve the common welfare*. Organization for action is essential in the democratic way of life. Indeed, an unorganized society is almost inconceivable. What distinguishes democratic organization from other forms of organization, however, is this: that democracy is more than mere organization. It is no mere ritual to cover the preservation of the *status quo*; it is dynamic; it implies life and growth.

Therefore, as your generation organizes for action to preserve the peace at home and between nations, it is important to be on guard against two dangers: first, the danger of accepting a set of absolute, static ideals; second, the danger of mere factionalism, or the irreconcilable fragmentation of ideals. Our generation has failed, in large part, because we did not orient ourselves adequately with

reference to the guiding principles of organization. Most of us ignored entirely the obligation to organize for the preservation of peace; some of us thought the obligation to organize meant organization to preserve an impossible *status quo*; and too many of the rest of us would not be practical, or sensible, in our organizational work, insisting that our many specific ultimate ideals alone be the beneficiaries of our organizational energies and refusing stubbornly to compromise so that at least such ideals as we held in common might be realized. You must do better than we. You must be fertile in ideals, but you must be effective in action, and you will discover, quickly we hope, that when it comes to organization for effective action it is necessary to seek the highest common denominator in ideals. Do not be ashamed of such compromise, provided it is made deliberately with the firm resolve to set a higher common denominator for the next step. This is the way, in a democracy, the people gets what it wants. This is what makes democracy dynamic.

I have spoken thus far principally of the manner in which the responsible individual and responsible democracy must approach all problems, with only sufficient allusion to the main interest of the World Youth Week Rally, namely a lasting peace, to indicate that in this area, too, the guideposts I have enumerated are valid. May I attempt now to outline what the youth of the world can contribute to a progressive solution of the problem of world peace?

I have mentioned the fact that it is necessary for each individual and for youth as a group to know itself and the moral problems of the age well enough to have profound, not merely superficial, convictions about them. Most certainly the problem of establishing and maintaining world peace is the most important problem of this age. The real question is therefore whether your generation, no less than our older one, is possessed of really deep convictions upon it.

It would, at first asking, seem possible to answer with an immediate affirmative. Ask any service man or woman, or their people back home, what they want above all else, and the answering chorus around the whole world replies "peace". Your generation is fighting for it and dying for it. Ours, shame-facedly conscious of our failure to keep it for you, whom we love so much, join earnestly in wanting peace back upon the earth. And we know proudly, you and we, that the war

is being won. But does that of itself mean that we shall have peace, or even that we all possess the necessary fundamental ethical conviction that will enable us not to get lost again, not again to allow the establishment of peace to go by default? Probably not. At least we had better not take it for granted. Our generation wanted peace after the last war and made such effort as we could to establish it upon a firm foundation. But we lacked the moral convictions to follow through. Both our generations want peace after victory, but we shall fail again unless we have the everlasting conviction to stay with the job for the rest of our lives.

The youth of today must insist, together with the rest of us who have learned from the bitter cup of failure, that the peace be organized, and together we must organize to keep the peace. Our experience of failure should not discourage you, but should merely be a lesson. That is the only value in failure—to teach us lessons. Let us remember that the first American constitution was also a disappointment, and that it was followed by a brilliant success based upon the realism learned in failure.

The Dumbarton Oaks Proposals for a world security organization, drawn up by the four great powers, have been submitted to the peoples of the United Nations and their associates for discussion and debate. That discussion has been active and sincere, a most heartening proof of greater intelligence and moral conviction on the problem of world peace than ever existed before. Everywhere there is recognition that this time a realistic, practical effort is being made by those who possess the great bulk of the world's power to find a solid basis for a world organization. These Proposals and others will be discussed at the forthcoming international conference at San Francisco. Definitive agreement upon a form for world organization will almost certainly be achieved by the delegates, and will then be referred back to each participating government for ratification.

And here my generation has something very important to say to the generation of youth. I have alluded to it before, but it needs to be underlined in red pencil in this connection. As you and we consider proposals for a world organization and organize ourselves for effective maintenance of peace, let us not this time be deluded into impractical byways where, in zeal for pure idealism, we sacrifice all achievement. No docu-

ment has ever come from the hand of fallible man that other men could not criticize. What has already been proposed, and any plan that may be agreed upon, are necessarily subject to this common fate. And they may be imperfect measured against the yardstick of the most ideal. The finding that should determine our final judgment, however, is whether or not the eventual proposal represents the best that can be achieved as the highest common denominator of the world's idealism at this stage in history. If it be so, let us organize to support it.

Without such organized support from decade to decade, no world organization, however ideally constructed, can long endure. No human institution derives vitality from itself, but only from the people who support it. We must be in position to protect it from those who would destroy it, adjust and strengthen it where experience proves that it is inadequate, and thus to make of it a living thing. This is particularly the duty of those who today are young. Youth can devote to this a whole lifetime. It will take a whole lifetime and many lifetimes beyond, each filled with unstinted devotion. But in such time and with such consecration the people can transform even a very small beginning into a splendid finale.

The people can thus transform it. You who are young, and the children who will follow you, throughout the world—you are the people. The people of the world are many and diverse. They think differently, live differently, and act differently. This is fortunate because it is in differentiation that evolutionary progress manifests its power. A flattening out, or complete blending, of the many and interesting cultures of the world is neither to be sought for its own sake nor would it be any support to peace. But cooperation between the cultures of the world, their constant cross-fertilization, can not only enrich them all by an infinite variety of mutations but can so much acquaint the peoples of the world with each other that it promises to be the best of all factors in the preservation of peace. A world organization for peace will remain effective only as long as the peoples of the world want peace. And people do not want war with others whom they know and whom they like. The problem therefore is to organize such relationships between the peoples of the world as will naturally acquaint them sympa-

thetically with each other. This is the purpose of cultural cooperation, public and private.

Never before has man possessed for communication with his fellows instruments or media so instantaneously effective and therefore so fraught with potentialities for good and evil. The more we extend our powers, the more we add to our responsibility for their use in the common welfare. The welfare of all lies in the free flow of information, even if in that flow there may be a mixture of common human frailties. The people, God bless them, are like the earth itself in their capacity to receive vileness and to neutralize it. Give them the rain of facts and the sun of unrestricted common sense; then the evil of falsehood will be nullified in a strange but common alchemy.

But as responsible human beings people cannot depend on the mere chance of the free exchange of information for their knowledge of each other or the ways in which they may help one another. This is something to be sought deliberately. If we want to be neighbors in the good old sense, neighbors who develop everlasting friendships with each other, we must not only pay one another formal calls through the conventional diplomatic procedures. We must develop something more than a mere speaking acquaintance between the peoples of the world. Good neighbors visit with each other. Their young peoples exchange with one another their family ways and the family gossip, work out together their problems in algebra, and resolve not to let minor disagreements become irreparable. Between nations the same neighborliness is achieved through a program of student exchange. In later life such experiences are summed up in Americanese by saying, "I grew up with that fellow. He's okay." Among friendly neighbors groups of young people and adults are often brought together in one of the homes or in a community meeting hall to listen to the wisdom of a preacher, a teacher, or a traveler. Between nations the analogy is the exchange of professors and leaders. Afterwards we say, "Yes, I heard him speak. They must be fine people where he comes from." In real neighborhoods the women exchange recipes, bring one another samples of their prize cooking, and teach one another new skills at the quilting party. The men throw some horseshoes, teach one another how to set the lawn-

(Continued on page 506)

Displaced Populations in Europe in 1944 With Particular Reference to Germany

By JANE PERRY CLARK CAREY¹

ONE of the greatest population movements of history is taking place before our eyes. As the German retreat has rolled westward before the oncoming Soviet troops and as the Allied armies have pushed eastward on the western front, millions of people have been uprooted and are fleeing toward the center of Germany. These new groups of displaced persons, including all those separated from their homes and consequently in need of some sort of help, are rising in number by the tens of thousands. Technically a displaced person is a person swept by war away from his normal place of residence, whether beyond the borders of his own country or within them. Frequently the term is used to mean a civilian driven by war into an alien country, such as a foreign worker forced to labor in the German Reich or a prisoner of war held in an enemy country. The total number of uprooted and displaced people in Germany today may run as high as 23 or 24 million, though 18 to 20 million is probably a more accurate guess and includes some 9½ million foreign laborers and prisoners of war, 4 to 5 million displaced Germans returning from outside the Reich, and 4 million and probably more war fugitives who have fled before the oncoming Soviet and Allied troops. These groups must be added to the possible 20 to 30 million² of the people of Europe already torn from their moorings by the terrific impact of the war. This displacement in Germany presents the most complicated section of the total European picture, both because of the numbers involved and because of the wide geographical and political implications of the German situation.

The number of French in Germany today shows not only the size but also the different facets of the problem. There are 2½ million of these

French, so that 3 out of 5 French families probably have someone in Germany. The total includes, according to the *Manchester Guardian*, about 800,000 deported workers, 1 million prisoners of war, and 600,000 persons deported from France to Germany for political reasons. The prisoners of war have been away from France since June 1940 and the deported workers for about 18 months or less, while the majority of the political deportees were removed from France in the summer of 1944.

Forced Labor in Germany

One of the most important categories of displaced population within Germany is that of forced labor. There are constant references in the newspapers to the 12 million foreigners sent from almost all the occupied countries and a few from the European neutral countries; as, for instance, in the appeal of the Supreme Headquarters of the Allied Expeditionary Force issued on February 11, 1945, when the foreign workers on German railroads were urged to leave their work or aid in preventing the movement of trains. It stated: "your own liberation and that of the 12 million foreign workers in Germany . . . depend on your actions". The number, 12 million, has never been used to refer to any definite territorial area. It is probable that this number includes not only foreigners working in Germany but also those formerly working for Germany in countries outside its boundaries; as, for instance, the large number of Soviet workers, predominantly women, sent by the Germans to France and found by the American Armies on occupation.

If *Germany* is used to mean Germany before the annexation of Austria and the Sudetenland, the number means one thing. If *Germany* refers to the country after such annexation, the number means another thing, and still another if Luxembourg, Alsace-Lorraine, and various areas of Poland are included.

¹ Mrs. Carey is Assistant Adviser on Displaced Populations in the Office of the Assistant Secretary for Economic Affairs, Department of State.

² Cf. Eugene M. Kulischer, *The Displacement of Population in Europe* (Montreal, 1943).

Last of all, the definition of *worker* is a contributing factor in estimating the total. About 85 percent of all prisoners of war are considered as workers, though the Geneva convention of 1929 provides restriction as to the kind of work prisoners of war of all countries of Europe, except the Union of Soviet Socialist Republics, may perform and the conditions under which such work may be carried out.³ The U. S. S. R. is not a signatory of the convention; therefore, it is denied the protection of the convention.

The most accurate estimates of the number of forced workers in Germany refer to the Reich as of September 1, 1939, plus the incorporated Polish provinces, Alsace-Lorraine, and Luxembourg. By the beginning of January 1944 the number of foreign laborers in the Greater Reich was approximately 8,600,000, made up of 6,400,000 civilian workers and 2,200,000 working prisoners of war.⁴

Austria is included, since the moving of German industrial plants from severely bombed German areas together with the growth of new industry necessitated the upbuilding of a large labor force. Possibly 70 percent of all the factory workers today are foreigners, with a total of 1,500,000 foreign factory and agricultural workers. The Sudetenland, annexed by Germany in 1939 and then incorporated into Germany, is also included and is estimated to have 300,000 foreign workers, almost half of whom are employed in agriculture. Many laborers were deported to Germany from Luxembourg, which was incorporated into Germany in 1940. It is hard to find how many laborers were sent because of the fact that Luxembourgers are not regarded as foreigners.

The total number of foreigners taken into Germany as laborers probably did not grow greatly in 1944 because of the terrific pounding of Ger-

many by air raids. A plan was inaugurated by which Germany carried on her war manufacturing in outside territories which she occupied and carried war products into the Reich rather than workers to make those products. It is possible that the recent shrinkage of German borders may have meant a new removal of factories back into Germany. Furthermore, the vast number of refugees in Germany provides available sources of manpower and lessens the necessity for transportation of foreign workers into the country.

Beginning in the early summer of 1944, induction of labor for the Reich largely stopped in Belgium, France, and Holland, but workers were still being deported to Germany from Northern Italy, and a renewed campaign for deportation from Holland was undertaken, though probably for punitive rather than manpower purposes.

Growing manpower shortages and war needs have emphasized the need for maximum use of workers already in Germany. Workers formerly on contracts for definite periods are now conscripted for compulsory labor. Except for neutrals and in rare emergencies, periodic leaves for workers to take trips within the Reich or to their home countries were no longer permitted, because of difficulties in getting these workers back and also because of increased pressure for war production.

Probably about one fifth of the workers from Europe outside of the U. S. S. R. are women. There are probably a larger number of forced women workers among the Russians, if one can judge from the large number of Russian women found by our armies in France. Some Latvian, Polish, and Soviet women are servants in German homes.

Foreign workers, formerly permitted to live in private homes because of housing shortages, in the spring of 1944 began to be sent in increasing numbers to labor camps, for prevention of any foreign contact with the Germans and for surveillance. By July of that year about 100,000 camp leaders, who would act as liaison officials between the German and foreign national groups, were reported to have been appointed from among those workers whom the Germans regarded as "reliable" elements among the foreigners.

In the summer and fall of 1944, in order to keep foreign workers from efforts at sabotage and from spreading dissatisfaction among German workers,

³ Arts. 31 and 32 of the Geneva convention [Treaty Series 846] state:

"Labor furnished by prisoners of war shall have no direct relation with war operations. It is especially prohibited to use prisoners for manufacturing and transporting arms or munitions of any kind, or for transporting material intended for combatant units."

"It is forbidden to use prisoners of war at unhealthful or dangerous work."

"Any aggravation of the conditions of labor by disciplinary measures is forbidden."

⁴ "The Mobilisation of Foreign Labour by Germany", *International Labour Review*, vol. L, no. 4 (ILO, Montreal, Oct. 1944). Based on information communicated to the ILO by Dr. Kullischer, with the cooperation of Dr. J. B. Schechtmann.

and in order to obtain maximum use of much-needed skilled workers, their treatment was improved. Differences in wages and taxes between eastern and other workers were dropped, and Soviet prisoners were reported by the Germans by the mid-winter of 1944 to be "treated as people of a friendly nation", though the truth of this statement is doubtful. Honorary orders were planned for foreign workers, and in labor legislation even eastern workers were treated substantially in the same way as German workers, though in practice the eastern workers often continued to have the heaviest and dirtiest work. In the fall of 1944 it was reported that well over a thousand foreign doctors were on hand to care for foreign workers and that many Ukrainian priests were present to look after their own nationals. In October foreign workers were promised the same food rations as the Germans, together with the prospect of a Christmas bonus.

On the other hand, fear of the presence in Germany of large numbers of foreigners led to repressive measures and was a major reason for the establishment of the Volksturm. Reports indicate that foreign workers have been deliberately killed. Many workers fled the country, and in December more than 50,000 were reported to have escaped into the Black Forest en route to Switzerland or possibly into the forests and mountains of Austria. By November 1944 sabotage and unrest were spreading among the workers in Germany. As the retreat began on the eastern front and as displaced persons streamed into the center of Germany, authorities in Hamburg, Bremen, Kiel, Rostock, and other northern port cities were reported to be taking special precautions because of the fear that foreign workers might provoke the German people to strike and revolt.

The number of Belgian forced laborers runs into high figures: an estimated 500,000 by January 1944.⁵ An increase in this number is unlikely in view of Germany's recent desire to keep those laborers working for Germany in industries outside Germany. Tens of thousands of Belgians had not returned to Germany at the expiration of their home leave. Nearly 100,000 Belgians had been sent to German-occupied countries, namely France and the Netherlands. The number of dis-

placed Belgian and Netherlands workers and war fugitives is so great that Belgium and the Netherlands have entered into an agreement to care for each other's nationals pending repatriation.

By the beginning of 1944 35,000 Bulgarians were working in Germany; and probably few, if any, more entered after that date. About 100,000 Slovaks, 18,000 *Volksdeutsche* from Slovakia, and 230,000 Czechs from Czechoslovakia were working in Germany on January 1, 1944. The Czech Government in November 1944 estimated that one third of all the Czech skilled workers have been sent to Germany. Part of the workers in the incorporated Czech territory, particularly of the 19-year-old group, are sent to Germany for ten months' training in Reich factories, but the general German policy has been to keep Czechs employed at home in their own war production. The number of Slovaks in Germany decreased from 120,000 in 1942 to 100,000 in 1943. A large proportion of the Slovakian workers are women employed in German war industry.

There has been a constant movement of Danish workers to and from the Reich. On January 1, 1944 approximately 23,000 Danes were working in Germany. After the attempted revolt in Denmark in the fall of 1944, regulations for Danish workers in Germany became more stringent, and they were prohibited from leaving their camps in the evening. Many were employed probably in coast towns not far from the Danish border, especially in Hamburg, but 5,000 are reported to have fled after the bombings of July 1943.

About 15,000 Estonians, largely agricultural laborers, were working in Germany on January 1, 1944. This number probably has increased because of the flight of refugees from the Baltic countries into Germany in the summer and fall of 1944. Many Estonian boys and girls by January 1944 had been sent to the Reich for work. By March of that year at least 100,000 Lithuanians together with 60,000 Latvians, largely farmers, domestic servants, and shipyard workers, had been sent to Germany for work. It is probable that both of these groups have also greatly increased.

On the first of the year 1944 there were about 1,100,000 French civilian workers in Germany, including 800,000 to 900,000 workers recruited for Germany and 250,000 prisoners of war who had accepted a status changed to that of so-called "free workers" and as such have been treated as work-

⁵ "The Mobilisation of Foreign Labour by Germany," *op. cit.*, p. 472 ff. All figures following are references to this article unless otherwise stated.

ers rather than as prisoners of war. It is reported that after June 26, 1944 no more workers left France for Germany. There was a constant return movement to France, at least until the Allied liberation. Probably the return movement canceled the flow to Germany.

Early in 1944, 20,000 Greek laborers were working in Germany. Women constituted almost one fourth of that number because of the difficulties confronting Greek women in their search for work at home.

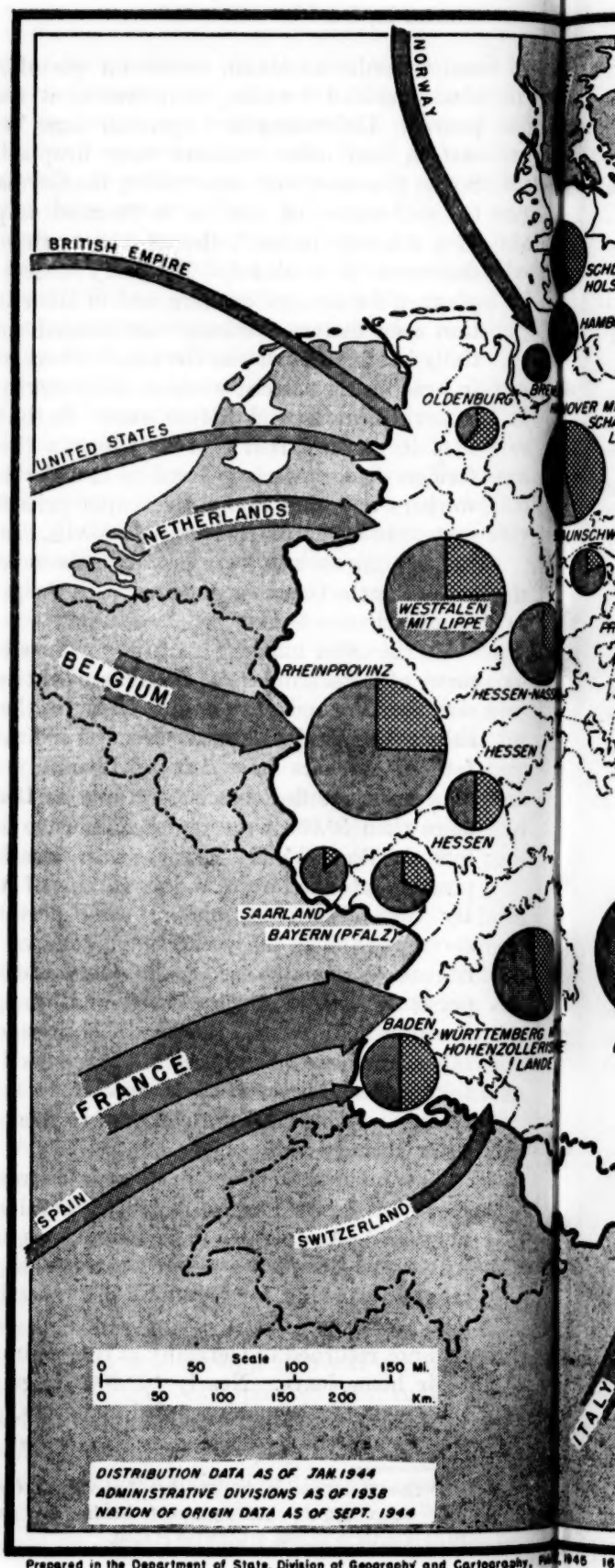
By the beginning of 1944 there were not more than 25,000 Hungarian workers in Greater Germany; but following the German occupation of Hungary in the spring of 1944 it was planned to recruit 150,000 workers. This plan was probably carried out. Later a reported 160,000 Hungarian Jews were in labor service in several localities in German-controlled territory, particularly Austria.

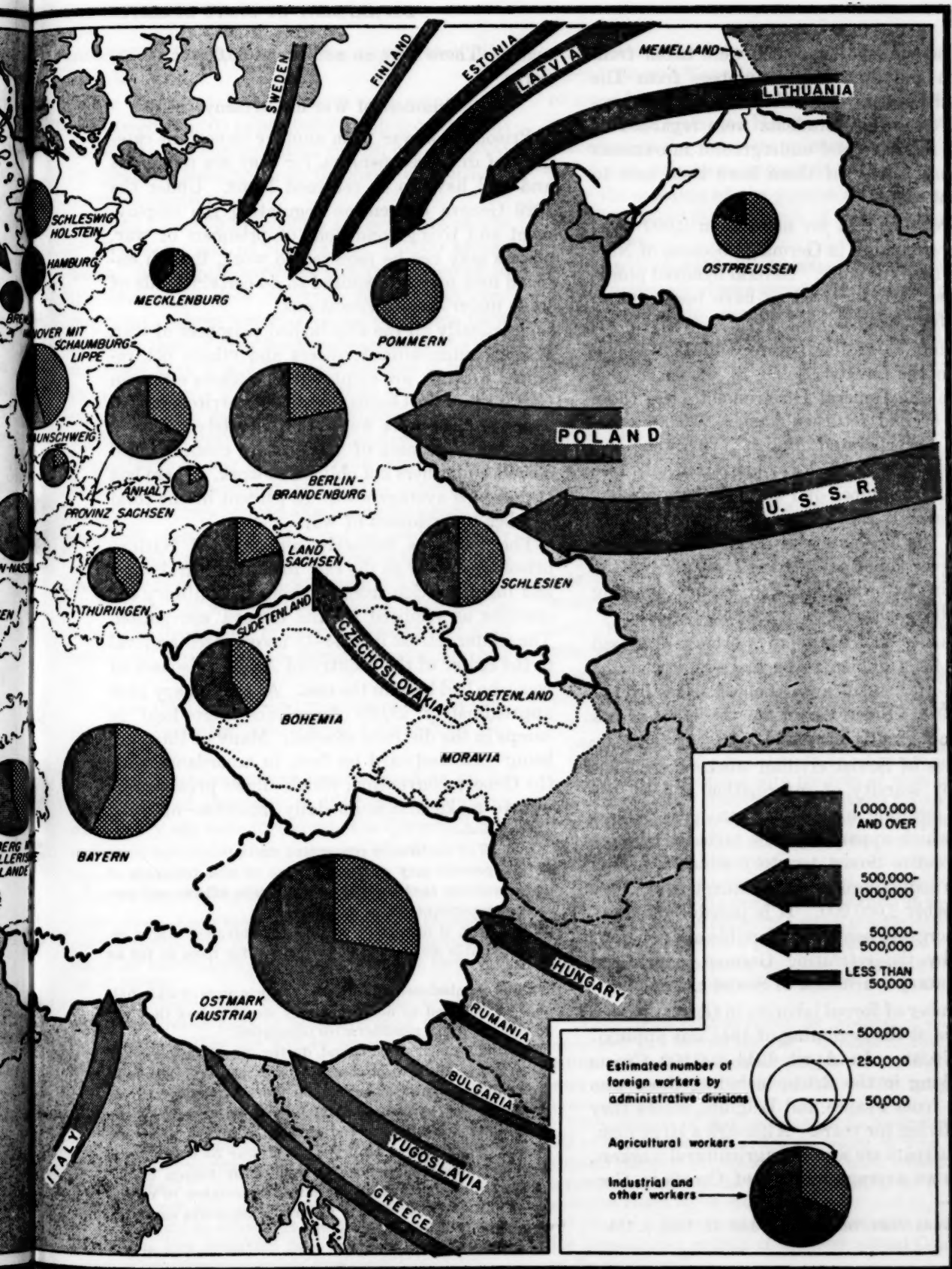
A conservative estimate of the number of Italian workers in Germany in the beginning of 1944 is 180,000, in addition to 170,000 working prisoners of war. An agreement between Mussolini and Hitler in May 1944 provided for almost total labor conscription in Italy for Germany. An attempt was still being made to carry out this conscription in North Italy in the fall of 1944. In the summer of 1944 it was reported that a large number of interned Italian prisoners of war were being released for work as so-called "free civilians". It is reported that in November 1944 almost all young men in Trieste were being arrested in the streets and deported to Germany for forced labor. In one day 1,200 young men were picked up and sent.

The Netherlands Unemployment Council estimated there were 282,000 Netherlands forced laborers in Germany in the spring of 1944. The number has probably greatly increased since then because of German efforts to break the resistance movement by deportation to Germany. Tens of thousands of young men and women are reported to have been sent to Germany in large-scale round-ups in Holland. All men and boys from 16 to 40 were being called together in the winter of 1944—

Foreign Workers in Germany, 1944

Distribution and Nation of Origin





45.* It was stated that 50,000 were taken from Rotterdam and even larger numbers from The Hague and Leiden. A number of these men succeeded in escaping. Students were regarded as leaders of sabotage and underground movements in Germany; many of these have been sent to punishment camps.

It is probable that no more than 2,000 Norwegians are working in Germany, because of Norway's own need for labor. Several hundred political prisoners are reported to have been sent to Germany for forced labor.

In January 1944 there were 1,400,000 Polish workers in the Greater Reich, of whom 900,000 came from the General Government (less those who died or had returned home), 250,000 came from the incorporated Polish provinces, and 250,000 were prisoners of war converted into free workers. The number of Polish workers in Germany apparently has not greatly decreased since then. At the beginning of 1944, 24,000 Polish workers were reported to have been sent to the Ruhr basin for work. Allied armies entering Germany have found some of these.

The number of Rumanian workers increased from the 4,500 known to be in Germany at the beginning of 1943 to an estimated 6,000 by the first of 1944. Since that time the number has probably not greatly increased.

Estimates of Soviet civilian workers are complicated by scarcity of information and by the changing meaning of the German term *eastern workers*, which apparently now includes laborers from the entire Soviet territory which was formerly German-occupied. In January 1944 there were probably 2,000,000. It is possible the number has increased because of forcible abduction of civilians by the retreating German Army and some voluntary evacuation of Soviet citizens.

The number of forced laborers in Germany from Yugoslavia at the beginning of 1944 was approximately 270,000. In April 1943 200,000 Croats were working in the Reich, including those who had come from France and Belgium, where they had been living for years. Although a large number of the Croats are seasonal agricultural workers, 200,000 is an average number of Croats in Ger-

many. There were an additional 60,000 to 70,000 Serbs.

Prisoners of War in Germany

Prisoners of war form another important category of displaced persons, for they are numerous and will have to be returned home. Under the 1929 Geneva convention regulating the employment and living conditions of prisoners of war, officers may not be required to work, though enlisted men may be required to do certain kinds of work under certain conditions.⁷

Practically all the able-bodied prisoners of war, besides commissioned officers and others not required to work, are employed as workers either in Germany or in German-occupied territories. In January 1944 there were approximately 2,200,000 employed prisoners of war besides commissioned officers and others not obliged to work. These last two groups average about 15 percent of the total number of prisoners of war.

The Germans formerly sent United Nations prisoners of war to the east for agricultural work and for protection from bombing and military operations as required by the Geneva convention. The winter retreat in 1944-45 necessitated removal to the center of the country of Allied prisoners of war who had been in the east. As of January 1944 approximately 29,000 Americans were held in camps in the districts affected. Many of these are being sent westward on foot, in accordance with the Geneva convention, which allows prisoners of war to make maximum daily marches of 12½

⁷ Art. 27 of the Geneva convention states:

"Belligerents may utilize the labor of able prisoners of war, according to their rank and aptitude, officers and persons of equivalent status excepted.

"However, if officers or persons of equivalent status request suitable work, it shall be secured for them so far as is possible.

"Noncommissioned officers who are prisoners of war shall only be required to do supervisory work, unless they expressly request a remunerative occupation.

"Belligerents shall be bound, during the whole period of captivity, to allow to prisoners of war who are victims of accidents in connection with their work the enjoyment of the benefit of the provisions applicable to laborers of the same class according to the legislation of the detaining Power. With regard to prisoners of war to whom these legal provisions might not be applied by reason of the legislation of that Power, the latter undertakes to recommend to its legislative body all proper measures equitably to indemnify the victims."

* *Netherlands News*, vol. II, no. 5, Jan. 15, 1945, p. 154.

miles unless longer ones are necessary to reach food and shelter.⁸

The westward Russian drive was reported to have freed 100,000 to 200,000 French from prisoners-of-war and concentration camps, out of a total of 2,500,000 Frenchmen in Germany or German-occupied territory.

About 1,000,000 Frenchmen are prisoners of war in Germany; and of these about 870,000 are at work. The figure excludes 250,000 converted to the status of free workers in German employment. These were persuaded to change their status to that of free workers because of the presumption they would be better fed and cared for than prisoners. The total of both working prisoners and free workers is 1,120,000. The free workers, who wear civilian clothes, are treated not as prisoners of war but as civilian laborers. It is probable that these men voluntarily accepted the status of laborers because of advantages which they received, such as greater freedom and possibly better food. Since under the French law they are said to be regarded as on furlough and still legally as prisoners of war not demobilized, they will be subject to the French military authorities on their return if a question is raised concerning their status.

Of the 126,178 Belgian prisoners of war in Germany in December 1940, 68,600 remained by November 1943.

Since Luxembourg was incorporated as an integral part of Germany in 1942, Luxembourgers of military age were forced into the German Army and were not counted as prisoners of war.

⁸ Arts. 7 and 9 of the Geneva convention state:

"Prisoners of war shall be evacuated within the shortest possible period after their capture, to depots located in a region far enough from the zone of combat for them to be out of danger.

"Only prisoners who, because of wounds or sickness, would run greater risks by being evacuated than by remaining where they are may be temporarily kept in a dangerous zone.

"Prisoners shall not be needlessly exposed to danger while awaiting their evacuation from the combat zone.

"Evacuation of prisoners on foot may normally be effected only by stages of 20 kilometers a day, unless the necessity of reaching water and food depots requires longer stages."

"No prisoner may, at any time, be sent into a region where he might be exposed to the fire of the combat zone, nor used to give protection from bombardment to certain points or certain regions by his presence."

In October the *International Labour Review* reported 133,207 Yugoslav prisoners of war in Germany. Almost all these prisoners are Serbs, as prisoners of German, Hungarian, Albanian, and Macedonian descent were released, as well as all the Croat prisoners, reported released in 1941 after the creation of the puppet state of Croatia. About 95,000 of the prisoners of war are employed as workers.

On April 15, 1943 only 56,000 of a former 694,000 Polish prisoners of war were still in German prison camps, including officers, non-commissioned officers, and soldiers of the regular Polish military standing army.

Because of the fact that the U. S. S. R. is not a signatory of the Geneva convention no International Red Cross visits are made to camps containing Soviet prisoners.⁹ The number of Soviet prisoners of war is therefore impossible to estimate accurately. In view of the character of military operations on the Soviet front in 1944 it can be assumed that the number of Soviet prisoners of war has not greatly increased. These prisoners were originally put to work on the spot. In 1944 they were shifted to Germany in increasing numbers.

A large number of Soviet war prisoners were sent to work in various German-occupied terri-

⁹ Arts. 78 and 79 of the Geneva convention state:

"Relief societies for prisoners of war, which are properly constituted in accordance with the laws of their country and with the object of serving as the channel for charitable effort, shall receive from the belligerents, for themselves and their duly accredited agents, every facility for the efficient performance of their humane task within the bounds imposed by military necessities. Agents of these societies may be admitted to the camps for the purpose of distributing relief, as also to the halting places of repatriated prisoners, if furnished with a personal permit by the military authorities, and on giving an undertaking in writing to comply with all measures of order and police which the latter may issue."

"A central information agency for prisoners of war shall be created in a neutral country. The International Committee of the Red Cross shall propose the organization of such an agency to the Interested Powers, if it considers it necessary.

"The function of that agency shall be to centralize all information respecting prisoners, which it may obtain through official or private channels; it shall transmit it as quickly as possible to the country of origin of the prisoners or to the Power which they have served.

"These provisions must not be interpreted as restricting the humanitarian activity of the International Committee of the Red Cross."

tories, such as France, Belgium, the Netherlands, and Norway. As already indicated a large number of these were found by American forces in both France and Belgium, together with deported Soviet civilian workers, including many women. In assembly camps in France, Belgium, and the Netherlands more than 200,000 Poles, Czechs, Russians, and Yugoslavs are reported, together with others found by the Allied forces in the path of the military and evacuated by them from the front to await return home. A few thousand of the Russians have been started homeward.

In January 1944 about 170,000 Italian prisoners of war were working in Germany. After the Allied occupation of Italy, Italian troops located in Germany and German-controlled areas were made prisoners of war and were interned.

The great westward flight from the Soviet Armies includes many kinds of uprooted civilians. The various types of people pushing westward toward the center of Germany are often referred to as "refugees". When the Russian onslaught began to develop formidably it was reported that hordes of German refugees streamed out of Poland and eastern Germany, back-tracking the paths over which the German Army had swept in its war of conquest more than five years ago. Within a few days it was estimated that 2,000,000 refugees were choking the railroads and highways of eastern Germany. A January broadcast reported an unprecedented mass migration under conditions of deepest winter and biting frost. As the people marched, a howling snowstorm drove the chill through every rip and seam. Within a couple of days the numbers were reported to have risen to 3,000,000, then to 4,500,000, and probably rose even higher later.

The word *refugees* which newspaper accounts use merely means people in flight and may include any type of displaced person: Racial Germans (*Volksdeutsche*) previously settled in German-annexed or German-incorporated Polish territory; forced foreign laborers sent to other places by the retreat of the German Armies; even German people fleeing from their homes in Germany.

The ordinary use of the word *refugee* is different from that found in international usage, which has accepted the term to identify people who have left their homes and countries for political, religious, or racial reasons and consequently lack the protection of any government. The defi-

nition of refugees used by the Supreme Headquarters of the Allied Expeditionary Force has still a different meaning. It includes only civilians not outside the national boundaries of their own countries who desire to return to their homes but who require assistance and who are either temporarily homeless because of military operations or are at some distance from their homes for reasons related to war.

As the German retreat began on all fronts, the Germans forced many French, Belgian, Netherlands, and Soviet citizens to accompany or to follow the German Armies. By December 1944 the number of Lithuanians, Latvians, and Estonians alone who had left their homes and entered Germany had reached a million. The total is expected to increase. The figure seems high, though the number of Baltic peoples is large enough to have necessitated special reception districts and special schools, newspapers, and radio broadcasts.

The presence in Germany of well over a million persons friendly to the Germans was reported. If foreigners friendly to the Germans do not return home, it would seem possible that their governments would withdraw protection. In such circumstances they would eventually become stateless.

Because of enormous shortages of housing and food, refugee collaborationists have not been received in Germany with a warm welcome. This situation of shortages has been growing markedly worse as constantly increasing bombings devastate more and more of Germany. On the eastern front provision of food and shelter for the vast horde of refugees from eastern Germany became a problem second only to that of stemming the invaders. Another important population movement within Germany today is the return of racial Germans to the Reich or to Austria. Both groups are war fugitives dislocated by the shock of active hostilities in a war in which civilian populations flee from the mechanized power of modern warfare. Although both of these groups are in flight there are no homes to which the racial Germans and East Prussians may return, whereas Germans sent out from the Reich as colonists or officials probably have places or relatives in Germany to which they may flee.

After the collapse of Poland in 1939 the territory was divided into three sections: The German-Polish provinces lost by Germany after 1918, plus

areas under Russian rule before 1914 which were made into two new German provinces and known as the Incorporated Provinces; the rest of German-occupied territory, which became a separate administrative unit known as the General Government; and the sections occupied by the U. S. S. R. In addition, the Ciechanow district was merged into the province of East Prussia. After the invasion of the U. S. S. R., eastern Galicia was included in the General Government and Bialystok in the province of East Prussia. From the tracts of Polish territory incorporated into the Reich were formed the Warthegau, or Wartheland, which extended close to Czystochowa and included towns like Lodz. East Prussia was extended south, beyond Ciechanow.

In 1939 some 800,000 Germans were living in Polish territory. Racial Germans from northern, eastern, and southeastern Europe were settled in this territory, as well as a large number of German officials and their families. All these people started in westward flight with the Soviet advances.

In contrast to those persons displaced outside of their own countries are those who have homes to which they can return but who are displaced within their own countries—referred to as internally displaced. The Allied Expeditionary Force definition also has its own meaning here and explains displaced persons as those civilians displaced outside the national boundaries of their country by reasons of the war and who are desirous of returning home but are unable to do so, or to find homes without assistance, or who are to be returned to enemy or ex-enemy territory. Internal displacement usually occurs when people have been moved within their own countries because of movement from bombed areas or zones of military operations, or because of movement of war industries with their consequent need of manpower in the new location. Before the beginning of the Soviet drive toward Berlin, more than 20 million Germans were reported to have been made homeless or forced into temporary shelters away from home by continual bombing.

The flight from the east of Germany and Poland includes many internally displaced persons—those evacuated by the Germans themselves for protection from bombing or to clear an area for military operations. Thus the German authorities in retreat were reported to have planned to

remove only 1,500,000 people from the danger zone east of the Oder River, but when the time came to put the plan into operation it is estimated that in one week about 3,000,000 had to be moved. Children under 12, nursing mothers and women over 60, some men over 65, and those unfit for military service were sent immediately. All others had to take their stand and fight.

These women and children moved back from the lines are only one kind of evacuee. Thousands of other evacuees have been moved from their homes in bombed areas and have been sent to other places in Germany or even outside the country. It is reported that Austria, Czechoslovakia, and Poland received nearly 1½ million of these. Recent stories of the movement from the east tell of the numerous children's camps which had been set up in eastern Germany and Poland for children evacuated from bombed areas. These camps in their turn were evacuated before the oncoming Soviet troops, and the children presumably were sent to the center as war fugitives.

Internally displaced Germans from the east arriving in Berlin became further displaced by orders telling them to move on after a three-day stop. Carts, cars, and pedestrians moving in three lanes were said to have jammed all southwestern highways out of Berlin.

A tragic group of internally displaced is formed by the non-Aryans. Few, if any, of them are in their old homes; most of them have been ruthlessly exterminated, and others have been uprooted and displaced. Discriminatory laws and regulations deprived those few who remain of the greater part of their property and of the right to practice professions or to engage in most occupations. They are German nationals but with none of the rights of citizens. Their residence has been restricted and they are required to wear the six-pointed Star of David sewn on their garments. In spite of all the discrimination it is reported that a number have been kept at work in factories and on fortifications. Others are reported to be held as forced laborers in work camps in which there are only non-Aryans. Perhaps not more than a mere 5,000 are left in Germany after deaths and dispersal are taken into account.

There are still other kinds of displaced persons, of whom the most important are deportees, to whom reference has been made. This term is generally used to indicate persons removed or ex-

pelled from the district or country in which they live. Now the term *deportation* is used generally not to refer to the ordinary process of removal of persons who for political, social, or health reasons are found undesirable in a country, but to refer to arbitrary removals from one place to another. Today, for instance, Netherlands and Norwegians who have become politically obnoxious to the Germans are being deported to Germany in probably large numbers, while many Italians in the area of Italy still under German control have been sent forcibly to Germany for labor.

A last group of displaced persons is political prisoners. There are in Germany an unknown but probably large number of Belgian, Luxembourg, French, Netherlands, and Norwegian political prisoners, but the number of Poles or Soviets who are political prisoners is unknown.

Questions which are becoming increasingly important are how the millions of uprooted will fare in the last stages of dissolution of Germany, how they are going to get back home, and what will happen to them. These questions will constitute no small part of the problems of European settlement.

Conclusion of Discussions in London on Telecommunications

[Released to the press March 19]

The discussions by telecommunications representatives of the Governments of the United Kingdom and the United States,¹ assisted by representatives of Cable and Wireless Limited, Western Union, and Commercial Cable Company, which have been held in London and which dealt with the facilitation of the exchange of official communications both military and civil in the Mediterranean areas incident to the war have been concluded, and a satisfactory agreement has been reached on the points at issue. As a result of that agreement 13½ cents a word for government plain-language messages and 8½ cents a word for government code messages will be established from New York to Rome, and rates of 8 pence and 5 pence a word respectively will be established for messages in these classifications from Rome to New York.

¹ BULLETIN of Mar. 4, 1945, p. 386.

Lend-Lease Agreement Between the United States And the Provisional Government of France

OCEAN-GOING MERCHANT VESSELS NOT INCLUDED UNDER SCHEDULE 2 OF 3(c)²

At hearings held on March 9, 1945 by the Merchant Marine and Fisheries Committee of the House of Representatives on H.R. 1425, a Bill "To provide for the sale of certain Government-owned merchant vessels, and for other purposes", apprehension was expressed that merchant vessels might be sold to the French Government under the agreement between the United States and the Provisional Government of France regarding supplies and services signed at Washington on February 28, 1945, generally known as the 3(c) lend-lease agreement, on terms more favorable to the purchaser than those contemplated for sale to citizen purchasers under H.R. 1425. Reference was had in this connection to the item of 140 million dollars for "merchant marines" in schedule 2 of the joint statement to the 3(c) lend-lease agreement.³

Accordingly, the Secretary of State and the Administrator of the Foreign Economic Administration addressed to the chairman of the Committee on Merchant Marine and Fisheries, the Honorable Schuyler Otis Bland, on March 12, 1945, a letter stating, in part, that:

"In view of the fact that ship-disposal legislation is now under consideration by Congress, the Department of State and the Foreign Economic Administration have agreed with M. Monnet, Special Envoy of the Provisional Government of France, that there will be no transfer of title of ocean-going merchant vessels under the terms of the 3(c) lend-lease agreement. If at some subsequent time it becomes necessary to consider transfer of vessels to France or to any other foreign government, the provisions of such legislation as may exist bearing on the subject will be followed."

² Based on section 3(c) of the Lend-Lease Act of Mar. 11, 1941, 55 Stat. 31.

³ BULLETIN of Mar. 4, 1945, p. 385.

Anglo-American Cooperation For Expansion of World Trade

Remarks by FRANK WHITSON FETTER¹

[Released to the press March 20]

Even the most self-confident crystal gazer would hesitate to predict developments for the next few decades in most fields of economic life. Yet in one field a prophecy may be made with some assurance: If the United States and Great Britain follow the same general policy in the field of international trading methods, their action will determine the nature of international trading for many years to come. The basis for this belief is found in the role of the United States and Great Britain in world trade.

The figures of world trade in the years immediately preceding the outbreak of this war give some indication of the importance of the United States and Great Britain in international trade. The United States had the largest export trade, Great Britain the largest import trade. Between them they accounted for nearly 25 percent of the exports and nearly 30 percent of the imports of the world. In 1937 over 40 percent of the wool that moved in international trade, over 25 percent of the hides, nearly 55 percent of the rubber, and 60 percent of the sugar was imported by the United States and Great Britain. The role that these countries have played and will play in the pattern of international trade is even greater than the bare statistics would indicate, because the smaller countries of the world, including the British Dominions, will in such questions as import controls, exchange control, and commercial treaties be greatly influenced by the policies followed by the United States and Great Britain.

Both in Great Britain and the United States

people are looking forward to a post-war era of peace, prosperity, and rising living standards. There is a wide-spread opinion in both countries that there should be an expanding world trade. If this is the feeling in both countries, and if both are looking toward the same goal, one might ask why one stresses the need for Anglo-American cooperation. Yet, even when people seek the same goal, a difference of opinion over paths may sometimes be as great a cause of friction as would a difference over the goals themselves.

The American and British peoples have a somewhat different attitude toward international trade, a difference that has its roots deep both in the geography and in the history of the two nations. Foreign trade has always played a far more important role in the economic life of Great Britain than in that of the United States. Only by a large exchange of the products of its industry for the foodstuffs and raw materials of other countries can Great Britain maintain its present population at a high living standard, and only by such an exchange can it be a political and economic power of the first rank. It is hard to conceive of modern Britain except as a great trader. Every inhabitant of that tight little island knows that a substantial part of what he eats and drinks, of what he wears, of what shelters him, must come from abroad. He knows that to pay for these goods Britain must export. To the British, exports are potential imports of cotton, of oil, of meat, of wool, of apples, of hides, of tobacco, and even of American movies and some types of American machinery. That Britain must import, and that exports are but a means to imports, are first principles to the British, and they go far to explain present attitudes in Great Britain on trade problems.

For nearly three quarters of a century before 1932 Britain had virtual free trade, conducted on a multilateral basis, with no exchange controls, no clearing agreements, and imperial preference of only a very limited type. For some years be-

¹ Made at a meeting on Anglo-American trade relations, sponsored by the American Marketing Association in cooperation with the Institute of World Economics, in Philadelphia, Pa., on Mar. 20, 1945. Mr. Fetter is Adviser on Lend-Lease Matters in the Division of Lend-Lease and Surplus War Property Affairs, Office of Financial and Development Policy, Department of State. Mr. Fetter was Adviser on British Commonwealth Financial Affairs in the former Division of Financial and Monetary Affairs.

fore 1932 many lines of British business had been finding increasingly severe competition abroad, not only from the exports of the United States, of Germany, and of Japan, but also from local production in many countries, including the British Dominions and India, that previously had depended almost entirely on imported manufactured products. Many British exporters, faced with this competition, looked wistfully at the British trade relations with a number of countries where Britain was buying much more than she was selling. They pointed out the expansion in exports that would take place if these countries could be persuaded to buy more British goods as a condition of maintaining their own export markets in Great Britain. British commercial policy in the 1930's involved the use of trade agreements—both the Ottawa agreements and agreements with non-British countries—as a means of expanding British exports, but the movement never crystallized into a general acceptance of bilateralism. The sterling area in the 1930's was simply a group of countries that kept a large part of their monetary reserves in London, or maintained their currencies at a par with sterling, and only in 1940 did it take on its present legal significance of an area that maintains a rigid exchange control as against the rest of the world.

The war brought to Britain rigid trade and exchange controls. When this war is over Britain will have to decide the basis on which she will carry on her peacetime foreign trade. Will she as rapidly as possible get rid of exchange control and return to a system of multilateral trade on a world-wide basis and move away from imperial preference? Or will she perpetuate the sterling area, maintain strict controls as against the rest of the world, make bilateral agreements with non-British countries, and expand the scope of imperial preference? There is some difference of opinion within England as to the line that post-war policy should take. In accordance with the best British tradition there has been a pragmatic approach on the part of all participants in this debate: They realize that not pure logic alone, but the course of world-trade policy, and in particular the commercial policy of the United States, will influence greatly the final decision on British international trade policy.

To the United States foreign trade has never held the importance that it has to Great Britain. We had rich resources to develop after the Civil

War, and for many decades our primary concern in foreign trade policy—a concern that at times was short-sighted in the exaggerated form that it took—was to see that foreign imports did not interfere with our industrialization. Except to the cotton and tobacco growers of the South, and the grain farmers of the Middle West, foreign trade seemed of little importance to most Americans. With the industrial growth of America, and with its rise as a world power, many more Americans have come to believe that foreign trade is important to the United States. But too often Americans have thought of trade only in terms of exports, with imports, if brought into the picture at all, simply a necessary evil that we had to put up with. Fortunately, that thinking is changing. We are realizing not only the importance of exports to a prosperous and fully employed America, but also the importance of imports as a means of paying for exports, and also as a means of enabling Americans to enjoy more of the good things of life that come from a large and varied import trade. That is shown by the continued support that the trade-agreements program has received—a support which extends across party lines—and in the achievements under that program, before war came to the world in 1939, in bringing about a reduction of trade restrictions both here and abroad.

One of the fundamental principles of the trade-agreements program, a principle that was formally adopted as part of American commercial policy in the Republican administrations of the 1920's but was reemphasized by Secretary Hull, was non-discriminatory treatment of the products of all nations in foreign trade. We granted equal treatment to the products of all countries, and we expected other countries to give our trade as good treatment as our competitors received. A feature of the trade-agreements program that appealed to the American public, and that did much to win support of Americans interested in export markets, was this emphasis on non-discriminatory treatment. Yet the American emphasis on non-discriminatory treatment was in the 1920's and early 1930's a cause of friction in the economic field between this country and other countries. The reason why this was so in the years before the passage of the Trade Agreements Act was that when non-discrimination was accompanied by high tariffs, it was indeed cold comfort to the many

countries that protested against new duties that cut into long-established trades to be told that this was on a non-discriminatory basis—that the practically prohibitive duties applied equally to all countries. With understandable realism many a foreigner between 1922 and 1934 suggested that discrimination which allowed a country to trade was preferable to non-discrimination which kept it from trading. The trade agreements did much to correct this situation, but much still remains to be done if our policy of non-discrimination is to have the sound basis of an expanding trade.

The wartime exchange controls and import controls of Great Britain, and similar controls throughout the whole sterling area, have been applied with a view to conserving the limited supplies of gold and dollar exchange. These controls have in some instances hit hard on the toes of American business. Many persons in Great Britain feel that only by continuing such controls, and by exploiting to the full the bargaining power inherent in the great potential imports of Great Britain—a bargaining power of tremendous potential in the case of many food- and raw-material-producing countries for whose products Britain has been the principal market—will Britain after six years or more of war be able to develop a sufficient volume of exports to meet her import needs. They see the one hope of British trade in perpetuating and consolidating the wartime sterling area, and developing a trade largely independent of the United States and other countries outside the sterling area. Such a policy would mean that countries that enter into bilateral trading relations with Britain would divert their imports to Britain, and that Britain would divert its imports to those countries. Even the threat of such a policy stiffens the backs of Americans. This is a game that two can play, and the natural reaction of many is that the American answer to such a threat should be higher tariffs against British goods and perhaps some exclusive trading arrangements of our own. This in turn would strengthen the hand of those in the United Kingdom who favor bilateralism, and in both countries that primitive human reaction, "You can't shove me around," could easily make us forget the larger common interests that are involved. In brief, strong public support in Great Britain for a return to multilateral trade after the war will depend in no small part on the trade policy of the United States; backing for a liberal trade policy

in the United States will be much easier to obtain if the trend in Britain is back to multilateral trade.

The United States, however, has both a greater power and a greater freedom of action in this matter than has Great Britain. Our gold position and our international economic position are stronger than Great Britain's. Foreign trade is not the life-and-death matter to us that it is to Britain. A successful British bilateral trade policy, and the continuance of the sterling area in its present form, would be possible only because many countries of the world not only do the major part of their trade with Great Britain, but also have an export surplus in their trade with Great Britain. That puts them in a position where they have little choice open to them but to conform to a bilateral trade policy, if Britain wishes such a policy. Greater trade opportunities for the rest of the world with the United States is one of the most effective measures not only to weaken the case for bilateralism in Great Britain, but to lessen the possibility that other countries will wish to participate in bilateral trading arrangements with Great Britain. That is why it is so important today to continue and to expand the scope of the American trade-agreements program.

We and the British need an expanding international trade. We both look forward to a world in which the finest energies of men can be devoted to the pursuits of peace, and in which modern science, industry, and transportation can make their full contributions to rising living standards. If we can follow liberal trade policies, based on multilateral exchange, there will be enough trade for all, and the fears here and in Great Britain lest the other country get more than its share will largely vanish in the common benefits of an expanding trade.

Death of Minister of South Africa

Statement by ACTING SECRETARY GREW

[Released to the press March 21]

I was shocked to hear of the death of The Honorable Ralph William Close, for many years South African Minister to the United States. During his 11 years in Washington he represented his Government with distinction and made a multitude of friends, who, with me, have been deeply grieved by the sad news of his death.

The Concept of the United Nations

Remarks by CARLTON SAVAGE¹

[Released to the press March 20]

It can truly be said that grim necessity produced the United Nations Declaration of January 1, 1942. The signature of this historic Declaration by representatives of twenty-six governments brought the United Nations formally into being. At that time the situation of these nations was desperate. One by one their territories had been overrun by Axis armies. Furthermore, Japan had just entered the war with a treacherous attack at Pearl Harbor. The outlook for the nations arrayed against the Axis was dark indeed. It was realized that this is a war for survival and that only by being united could these nations survive.

In the United Nations Declaration it is affirmed that complete victory over the common enemies is essential to defend life, liberty, independence, and religious freedom, and to preserve human rights and justice. To this end each Government pledges its full resources in the war and agrees not to make a separate armistice or peace. But this is not all. In the Declaration the signatory governments subscribe to the common program of purposes and principles embodied in the Atlantic Charter, the central goal of which is the establishment of a peace "which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want".

Thus, from the beginning the aims of the United Nations have been: (1) complete victory over the common enemies, and (2) the establishment of future peace and security. But at first the emphasis had to be placed on winning the war. It was immediately and absolutely necessary that the strangle-hold of the Axis powers be broken, and all energies were turned in that direction.

Slowly but steadily the number of United Nations increased. In 1942 four states entered the war against the Axis. Mexico took its stand with

the United Nations on June 5. Five days thereafter the late President Quezon communicated the adherence of the Philippine Commonwealth to the Declaration, stating that the people of the Philippines did "not intend to be cowed by the armed might of Japan". During July the Emperor of Ethiopia, the first state to regain its territory after temporary occupation by an Axis aggressor, announced the adherence of Ethiopia to the Declaration. In August Brazil entered the war against Germany and Italy, and shortly afterward adhered to the United Nations Declaration.

Meanwhile, statesmen in several of the United Nations discussed from time to time the establishment and maintenance of future peace. In this country Secretary Hull said it was plain that some international agency must be created which could—by force, if necessary—keep the peace among nations in the future. The Chinese Ambassador to the United States, Dr. Hu Shih, said that after this war there must be established a league to enforce peace—an international organization based upon the principle of a threat of overwhelming power to prevent aggressive wars. More and more attention was given to this problem as time went on and as the impressive victories of the United Nations over our enemies brought a little closer the day of peace.

This subject was considered at Moscow in October 1943, and there the four nations bearing the principal burden of carrying forward the battle against the Axis issued a declaration that their united action, which had been pledged for the prosecution of the war, would be continued for the organization and maintenance of peace and security. Furthermore, they declared themselves in favor of establishing a general peace and security organization, based on the principle of the sovereign equality of all peace-loving states.

Immediately after the Moscow Conference the leaders of these United Nations assembled at Tehran and Cairo with their military advisers. At these conferences they strengthened the collabora-

¹Made at the United Nations Club in Washington on Mar. 20, 1945. Mr. Savage is Assistant to the Secretary of State.

tion of the four nations in carrying on the war against the common enemies. At the same time they reaffirmed the determination of their nations to work together in the peace that will follow the conclusion of the war.

Meanwhile, the United Nations increased in number and developed still further their collaboration. During 1943 and 1944 three general United Nations conferences were held: Food and Agriculture, Relief and Rehabilitation, and Monetary and Financial. In 1944 representatives of China, Great Britain, the Soviet Union, and the United States met at Dumbarton Oaks and agreed upon tentative proposals for the establishment of an international peace and security organization open to membership of all peace-loving states and bearing the title of the United Nations. These Proposals were made public on October 9 with the understanding that they would be completed and would serve as a basis of discussion at a full United Nations conference. Since that time they have been the subject of discussion throughout the world.

At Yalta in February of this year the chiefs of state of Great Britain, the Soviet Union, and the United States met with their political and military advisers and took important decisions in furthering United Nations collaboration. They worked out plans for the final defeat of Germany and for the occupation and control of that country. They determined upon joint assistance to the liberated states. They reaffirmed their common determination to maintain and strengthen in the peace to come the unity of purpose and of action which has made victory possible and certain for the United Nations in this war.

It was agreed at Yalta that the United Nations should assemble in San Francisco on April 25 for the purpose of preparing a charter for the United Nations Organization, along the lines of the Dumbarton Oaks Proposals. The general provisions of these Proposals are well known: The purposes of the proposed Organization are to maintain international peace and security, develop friendly relations among nations, achieve cooperation in the solution of international economic, social, and other humanitarian problems, and promote respect for human rights and fundamental freedoms; the members of the Organization shall settle their disputes by peaceful means; the Organi-

zation is to be based on the principle of the sovereign equality of all peace-loving states with membership open to all such states. Finally, the international Organization is to be given power to take such measures as may be necessary to maintain or restore international peace and security. Secretary Stettinius has pointed out that the Dumbarton Oaks Proposals are based squarely upon the principles of the Atlantic Charter and of the United Nations Declaration.

There are many problems to be solved at San Francisco in setting up an international peace and security organization. We earnestly hope that the United Nations there will agree upon a charter for this Organization. It can be anticipated that the provisions agreed upon will not be completely acceptable in every detail to every nation concerned. But if the Organization can be launched, a great step forward will have been taken. Through the years to come the United Nations can perfect and develop it.

We of the United Nations cannot too often remind ourselves that to construct the machinery of peace will not in itself preserve peace. Commander Stassen has well said that we must look upon the San Francisco conference as a golden opportunity to win a beachhead in the battle for a just and lasting peace; that the beachhead is not the final goal, but only the jumping-off place for the long, hard drive toward victory. This is not to minimize in any way the work to be done at San Francisco, but to emphasize that it is only the beginning.

The United Nations must remain united and must be forever vigilant if this noble enterprise is to be successful. Peace and security cannot be maintained otherwise.

In the years immediately following the present hostilities, it is likely that the peoples of the world will make every effort necessary to maintain peace, as the horrors and sufferings of the present war will be indelibly impressed upon their consciousness. However, as time goes on, human nature is such that the vigilance of the peoples of the world may be lessened. In this connection, we should ever keep before us the lesson of the 1930's. And I do not think that lesson has ever been more vividly expressed than in a recent issue of a New Zealand newspaper which described the situation as follows: "The 1930's were the most amazing

years in modern history. They were the years in which, east and west of the water, great nations watched fascinated and unbelieving the open preparation of their own destruction. So vast was wickedness, so bold and blatant, that peaceful millions took truth for nightmare and sought refuge from grim reality in senseless optimism."

The United Nations constitute a truly remarkable coalition. Born when our national existence—our very lives—were at stake, these nations have fought shoulder to shoulder to repulse those who would destroy us. Through it all the peoples of the United Nations have endured suffering to an extent never before experienced in all human history.

The comradeship and friendship forged during this common ordeal should bind us together for the tremendous tasks ahead. The United Nations, now numbering 45, vary greatly in size, in race, in cultural and political background. But we have an overwhelming common aspiration for peace, freedom, and security. We have learned from our experience during recent years that the only way we can achieve this goal is to work together to finish this war and to insure that no such catastrophe shall again blight our civilization. The thought of the innumerable dead, the countless maimed, the incalculable destruction, and the widespread suffering drives us on in an inexorable determination to this end.

There may be times in the future when we feel that we have difficulty in working together. However, we should ever keep in mind what will happen to our civilization if we drift apart and another war results. The development of the flying bomb and the possibilities of other new weapons serve as an ominous warning that if we do not cooperate to prevent aggression we shall surely be destroyed.

We of the United Nations cannot too often remind ourselves that the war is by no means over, that there remains a long and weary struggle ahead before the last of the Axis forces have laid down their arms. Through unity and effective cooperation we can hasten the day of final victory. Thus also we can more surely bring about a lasting peace. As Prime Minister Winston Churchill said during the blackest days of the war: "United we stand. Divided we fall. Divided, the dark age returns. United, we can save and guide the world."

Visit of the Governor General Of Canada

His Excellency the Right Honorable the Earl of Athlone, Governor General of Canada, and H.R.H. Princess Alice arrived in Washington on March 22. The Governor General and his party were formally received at Union Station by President and Mrs. Roosevelt and were then escorted to the White House. On Friday, March 23, President and Mrs. Roosevelt entertained at dinner in honor of the Governor General and Princess Alice. Before leaving Washington on March 24 for Canada they were entertained at luncheon by Acting Secretary of State Grew.

HOVDE—Continued from page 490.

mower, where to get good potato seed, and how to plant it for the best results. Internationally we learn skills and ways of doing things through programs of industrial training, the exchange of experts, and acquaintance with scientific and technical literature. After such service to one another neighbors stand together against the trouble-maker.

If in this manner, in such cultural cooperation, the peoples of the world will create a good-neighborhood, the police organization will be truly effective but need seldom be summoned. The youth of the world has a stake in cultural cooperation between nations that extends even beyond the development of the spirit of peace.

These, then, are the things the members of my generation would say to the youth of the world. And, in passing, a word of envy. In spite of the sacrifices you are making in the war; whatever the terrors you have endured; in terms of the opportunities for service that confront you, this is a time when "to be young is very Heaven".

THE DEPARTMENT

Appointment of Officers

Philip O. Chalmers as Chief of the Division of Brazilian Affairs, effective February 24, 1945.

An Economic Policy for Peace

Address by ASSISTANT SECRETARY ACHESON¹

[Released to the press March 23]

On April 25 the representatives of the United Nations will meet here in San Francisco to draft the Charter of the general international Organization for security and peace.

Nothing is more important than that Charter. By it the United Nations will transform their wartime partnership, the partnership that won the war, into an enduring institution for the winning of the peace. That institution is not narrowly conceived. It will include organs not only for military power and political adjustment but for justice, economic betterment, and humane work of every kind. It will do this because security and peace depend on the broadest practicable measures of cooperation.

Collective security is not divisible. People and governments cannot expect to work successfully together in political and military affairs if they go off in opposite directions in the other matters where their interests cross. If we want our partnership to be successful, we must try to apply it to all the fields in which governments are likely to be active.

One of the important fields in which governments are certain to take an interest in the years ahead is commerce, and its handmaid, currency. We believe in private enterprise in the United States, but that has never meant that we have no laws at all upon commercial matters. The Constitution of the United States gives to Congress power to regulate commerce with foreign nations and to regulate the value of money and of foreign coin; and Congress has passed laws on both subjects many times since the beginning of the Government. Those laws obviously have effects outside our borders, whether we want them to or not. They cannot be considered wisely unless those effects are borne in mind.

Obviously I am not suggesting that our tariff and currency laws ought to be written solely to please foreign countries. We will write them in

the end to please ourselves. But we ought always to think of our *whole* interest, including that in security and peace and therefore in international collaboration. It is from that point of view that we should look at the Bretton Woods proposals, the trade-agreements program, the Mexican Water Treaty, the pending legislation on post-war sale of ships, the programs of export subsidy on wheat and cotton, the Chicago proposals on civil aviation, and every other proposal for economic action that will have effects abroad.

The true commercial interests of the United States are not opposed to those of foreign countries. Our relations with Great Britain are a good illustration. Some Americans, and some Englishmen too, speak of those relations as if the main thing were the competition of the two countries for business in South America, or in the Near East, or in China. Undoubtedly some firms in the United States will find themselves in active competition with British firms, just as they will with other firms in the United States. But the main fact about our commercial relations with Great Britain is that Great Britain has been for many years either our largest or our second largest peacetime customer, and that, when she is second, Canada is first. Among the things that Britain bought from us in large volume before the war and would like to buy again were cotton, tobacco, gasoline and oil, apples, raisins, prunes, and motion pictures.

The amount of these things and other things that the British buy from us after the war will depend chiefly on how many dollars they can earn to pay for them. They can earn dollars chiefly by selling goods and services abroad. But we have not been, in recent years, a very large customer for the things the British have for sale abroad. They have to earn dollars largely by selling, for instance, textiles and machinery to tropical countries who sell, for instance, tea and cocoa and other tropical products to us.

Trade is not as simple as a two-way street. In fact it has to be about an eight-way crossroads to be really useful. It is for this reason that, when

¹ Delivered before the Center for International Understanding in San Francisco, Calif., on Mar. 23, 1945.

we start to stabilize world currencies so that trading can go forward, it is not enough to stabilize dollars and pounds, or pounds and francs, or francs and kronor. It is important to stabilize all currencies in relation to each other. That is why the International Monetary Fund proposed at Bretton Woods is not simply an arrangement between the United States and Britain, or between Britain and France, or between France and Norway. That would not be enough. If trade is to go forward, traders in any country must be able to deal with their customers or suppliers in any other country, and therefore every currency must be stabilized with every other. It is for that reason that the Bretton Woods conference was attended by the monetary experts of all of the United Nations, and that the International Monetary Fund which they proposed will include all of them.

Since trade has to move in so many directions it is clear that it can be interfered with by unwise commercial regulations made by any government. We are all interested in each other's tariff laws, in the treatment that all countries give such subjects as cartels, and in the quotas, prohibitions, and other obstacles to trading that any country may set up. Neither we nor any other country can give excessive protection to domestic producers without doing damage to the complicated network of international exchange. It is for this reason that it is vitally important to reach general agreement, among at least the principal trading nations of the world, as to the commercial policies that they respectively apply. Collective security, I said a while ago, is not divisible. Neither is foreign trade.

I said a while ago that the true interests of the United States in commercial matters are not in conflict with the interests of other countries. The fact is that what we need from them agrees very closely with what they need from us.

We want them to be prosperous, in order that they may be good markets for our products. They want us to be prosperous, for the same reason.

We want their prosperity to be as stable as possible, in order that sharp declines in their orders from us may not set off depression here. They want our prosperity to be stable, for the same reason.

They want us to be efficient at the things that we do best, in order that we may be a good place to buy good products at fair prices. We want them to be efficient at the things that they do best,

for the same reason. We want their tariffs and other barriers against our exports to be low, in order that we may have a chance to sell our products in their markets. They want our tariffs to be low, for the same reason.

We want them to help preserve stability in the exchange rates so that our people can do business with them across national frontiers without taking gamblers' chances. They want us to help in the same job, for the same reason.

We want them to join with us in making international investment reasonably safe, so that capital can be applied to undeveloped resources, productivity and wealth increased, and profits made. They want our help in the same effort.

And so on and so on. The truth is that in economic matters, as fully as in peace, the real interests of peoples run in parallel. They ought to work together, and they can.

It is not certain that they will. It is not always easy for some special group or interest or region to forget what often seems the immediate main chance. It is not easy in this country, and it is not easy elsewhere.

It is not easy always to bring ourselves to see that it is better to expand the general prosperity, and our own welfare with it, than to fight about the minor segments of an economy of scarcity.

It is not easy to remember that the first test of any economic program should be whether it tends to multiply wealth or to divide it.

It is not easy to see that what looks like an immediate advantage may destroy a larger and more permanent prosperity. It is not easy, as Mr. Justice Holmes once said, to train oneself to truly national views.

We shall have to undergo that training, and so will many other people, if we really mean to be secure and prosperous. For the world *might* yet break up into competing economic blocs, as the President said in his message on the Bretton Woods proposals. But, as he also said in the same message:

"We have a chance, we citizens of the United States, to use our influence in favor of a more united and cooperating world. Whether we do so will determine, as far as it is in our power, the kind of lives our grandchildren can live."¹

In the time remaining, I wish to sketch some of the main economic problems confronting us and

¹ BULLETIN of Feb. 18, 1945, p. 222.

the rest of the United Nations and to suggest what seems to me the right direction for our policy in respect to them.

At the threshold lie financial questions. They lie at the threshold, because, unless the nations agree—and provide the means for keeping their agreement—to put aside the devices and tricks of monetary warfare which they learned so well before and during this war, there is little chance for world recovery through increased production, expanding trade, and better living standards. Without such a recovery the future for millions of men and women and the future for world peace is dark indeed.

Since every deal between businessmen in different countries necessarily involves two currencies, the problem is necessarily international. The United Nations' answer is the International Monetary Fund proposed at Bretton Woods.

I discussed the Fund at some length this noon before the Commonwealth Club.¹ The main ideas, in briefest outline, are quite simple. The Fund consists first of a set of rules by which the member nations each agree to abide. These rules provide for stability, non-discrimination, and so on. Then, to enable countries to keep the rules they have agreed to, there is a fund of currencies from which each country with its own money may buy the money of other countries within a stated limit, to meet emergency requirements. There is provision also for continuous consultation and exchange of information.

In short, what the Fund comes down to is a practical arrangement by which the United Nations work together to maintain the free use of their currencies for trade purposes at stable rates and to avoid competitive depreciation and other forms of financial warfare. Nothing that I know of in the economic field is more important for the future.

The other great problem in the financial field relates to international investment. Lending and investment will be critically needed in the early post-war years in order that the devastated countries may have the wherewithal to buy abroad the things they need to reconstruct their countries, in order that the undeveloped countries may be able to increase their productivity and wealth, and in order that the countries that will have production goods for sale, like the United States, may find a

market. The difficulty is that the devastation and confusion following the war make many of the risks too great for private lenders.

Here again there is proposed a United Nations institution, the International Bank for Reconstruction and Development, which will investigate the loans and spread the risks and permit the business to go forward. Most of the loans it supervises will be made by private capital; the Bank will guarantee them. Others it will make itself. Upon both sorts it will make sure that the project is worthwhile, that the charges to the borrower are moderate, and that the money is expended in accordance with the plan. Everyone seems to be agreed that this proposal is intelligent and useful.

In the field of trade itself the major international problem revolves about our old familiar friend, the tariff, and about the more recent devices—quotas, prohibitions, preference systems, subsidies, and so on—by which governments seek to force exports, prevent imports, and solve their business problems at the expense of foreigners.

It is here, perhaps, more than any other place, that nations find it hard to make a choice between cooperation and economic warfare. Protective sentiment is strong in every country. It seems so very easy to exclude competing foreign goods, reserve local markets for local producers, and dump surpluses abroad.

The trouble is that more than one can play that game. They can, and have. No one, I hope, wants to repeat what happened between 1920 and 1935.

Eleven years ago, in 1934, this country took the other road. By the Trade Agreements Act we made a standing offer to reduce our tariff barriers upon the goods of any country which would do the same for us. The Congress has renewed that act three times since 1934, and I hope will soon renew it once again, and this time strengthen it. Under the act, in the years since 1934, we have made 32 agreements with 28 countries. Each one of those agreements lowered foreign barriers against the export trade of the United States, lowered United States tariff rates against the products of the other country to the bargain, guaranteed each country against discrimination by the other, and thus permitted private trade to move more freely back and forth between them, to the benefit of both.

To be fully useful under present-day conditions the Trade Agreements Act needs to be strengthened at one important point. You will remember

¹ See p. 469.

that as passed in 1934 the act authorized reductions in our tariff up to 50 percent of each rate as it then stood. In the last 11 years a good many of those reductions have been made, always in response to corresponding reductions in foreign barriers against our exports. Those rates of course cannot be reduced again. Other rates have been reduced less than the full authorized 50 percent, so that in them some authority and bargaining power remains. On others no reductions have been made at all.

In dealing with each country we have of course, in order to use our bargaining power to best advantage, dealt with commodities which that country had for sale. The result of operations up to date therefore is that the original 1934 authority is pretty well used up as it affects some of our best friends and best customers. For example, we could not make much of an offer either to Great Britain or to Canada under the act as it now stands, because most of the authorized reductions on things that they sell us in large volume have already been made. The same thing is true, less strikingly, as to France, Holland, Belgium, Sweden, Switzerland, and most of the American republics. The commodities on which a really attractive offer could be made under the present law are those of interest to countries with whom we have never in the past been able to negotiate a trade agreement. The situation ought to be brought up to date. Whatever anyone may think of the tariff rates of 1934, I think everyone will agree that a great many things have happened since that year. We need a new scope to meet new conditions.

The suggestion made in Congress therefore, and embodied in the bill which has been introduced, is that the 50 percent limit be applied, not to the old rates of 1934, but to the present rates of 1945. If that is done, we shall be able to start off from a new basis and to make the same kind of an offer to all our present fighting Allies and good friends.

The policy which our interest dictates is, I think, clear. We have goods to sell abroad, and we want our loans repaid. Both will depend on foreigners' supplies of dollars, and that depends on what we buy from them. We should continue steady pressure for reduction of all kinds of government-created obstacles to trade, and for removal of discriminations. We should do this through a strengthened Trade Agreements Act,

by negotiations under it, and by any other method of international negotiation that promises to get results. We must enlist as many countries in the effort as we can.

But even large reduction of all government-created barriers to trade will not solve all our problems. There are also private barriers, created by cartels and combinations. Here our law at present differs from the law of several foreign countries, especially on the continent of Europe. We must try to bring about agreement—an agreement which will open up trade channels and let trade develop as it should.

There are some international trade problems for which reducing government and private barriers will not be an adequate solution. Some commodities have been produced in such great quantity that it is doubtful whether any likely peacetime market can absorb them at fair prices. Some of these commodities are the chief source of livelihood of many people in great regions.

Cotton means the South in the United States, and it also means Brazil, Peru, India, and Egypt. Wool means our West, but it also means Australia. Wheat means the United States, Australia, Argentina, Canada, and the Soviet Union. Nitrates mean Chile and the synthetic plants in the United States. Copper again means Chile, and the Belgian Congo, and the United States, and Canada. And so on and so on. When a depression strikes one of these great commodities, whole regions are in trouble, and the finances of great countries with them. We all remember well enough what happened to wheat farmers in this country after the last war, and to many other kinds of farmers after 1929.

Governments are sure to deal with some of these commodities. They may either go it alone or try to do something together. If they go it alone, by the route of support prices, export subsidies, and so on, they will lose their friends and probably increase the surplus and the trouble. The only real hope lies in acting together, by agreement. In those agreements they should remember that consumers' rights are as important as producers', that it is better to expand demand whenever possible than to restrict supply, and that whatever regulation is imposed should give incentives to high-cost producers to shift to something where the opportunities are better, so that in the end supply may be drawn from the best sources. The problems of

commodities are not insuperably difficult if we tackle them together.

Finally I want to say a word about shipping and the air.

In both these fields there are people who say that the United States is strong enough to act alone, and ought to do so. We will have, these people say, when the war ends much the largest merchant fleet in the world, and very much the largest national supply of transport aircraft, trained ground crews and flight crews, know-how and experience. Why don't we simply hang on to what we have and go ahead from there?

Let me take shipping first. Suppose we decline to sell any of our more modern types of merchant ships to foreigners. The first result is that some of our best friends abroad, Norway, for instance, whose national income depends very heavily on shipping earnings and whose fleets have been terribly battered by the war, are condemned to a long period of slow recovery.

The second result is that instead of buying ships from us they will build new ships themselves. The result of that is to add further to the surplus, and the result of that is to postpone again the day when the great shipbuilding industry of the United States can be profitably employed in peacetime building.

How much more sensible to sell some of our ships at reasonable prices to our friends abroad, so that they can start quickly on their national recovery, existing ships can be kept working, the total number may remain in bounds, and our shipyards can look forward to peacetime business.

In the air the case for international cooperation is even more compelling. The Civil Aeronautics Board has made a very interesting map. It sets out international air routes which CAB tentatively has concluded would be desirable for post-war operations by air carriers. Consent of the countries which those routes traverse, of course, is necessary to create them. I can assure you that the countries whose consent would not be necessary are very few indeed, and very small. Yet if anything is clear it is that every country has a right, if it desires, to exclude foreign aircraft from its skies. How would we react, for instance, quite aside from the war, if a foreign airline started operating into San Francisco Bay without asking our permission?

Without international agreement on a wide

front post-war civil aviation outside our own frontiers is simply not possible. It is for this reason that the Civil Aviation Conference met last fall in Chicago. You know of the results reached at that Conference. First there was drawn up a convention creating a permanent international aviation organization.¹ This is now being considered by the Senate. Then there was an interim agreement creating a temporary body to act until the nations could pass upon the permanent body. Finally, there were the Two Freedoms agreement and the Five Freedoms agreement.

A great deal of technical material was considered at the Conference, and a large area of uniformity in technical matters worked out, which will help make international flying safe and practical after the war. But for those of us who are not air experts the most interesting results of the Conference are the Two Freedoms and the Five Freedoms agreements.

You remember I said a moment ago that every country has the right in international law to control the use of the sky above its territory. Obviously if countries used that right to exclude foreign aircraft international flying could not occur at all. Accordingly the problem at Chicago was to work out a fair basis on which nations could grant each other reciprocal rights, without making them the subject of discrimination, power politics, or monopoly. These two short agreements are the answer.

By the Two Freedoms agreement the countries that join will grant to each other:

First: Freedom for the peaceful flight of commercial aircraft without landing;

Second: Freedom for such aircraft to land at designated ports for the purpose of refueling and overhaul, but not to take on or discharge traffic.

By the Five Freedoms agreement the countries that join will grant to each other these same two freedoms plus three more, that is:

Third: Freedom to discharge traffic which originated in the plane's home country;

Fourth: Freedom to take on traffic destined for the plane's home country;

Fifth: Freedom to carry traffic between the point of landing and another foreign country.

¹ BULLETIN of Dec. 31, 1944, p. 843, and Mar. 11, 1945, p. 411.

The possible *siath* freedom, to carry traffic between two points in the same country, is not granted by these agreements but is reserved to the aircraft of that country, like the coasting trade at sea. Of course any country that wanted to could grant that privilege to foreign aircraft, but the agreement is that if any country does so it will not discriminate, but make the privilege available to aircraft of any other member country that can use it.

These proposals have already had a hearty welcome both from countries which expect to have air-transport lines in foreign operation after the war and from countries whose chief interest is in having services available. It is already clear that a long stride has been made toward establishing the essential freedoms of the air and toward agreement

on the peacetime legal basis of our newest and one of our most important industries. Civil flying overseas can now get started promptly when the shooting stops. We and a large group of other countries have learned once again that our really fundamental interests are not served by trying to go it alone but by sitting down together in a reasonable frame of mind and finding the ways to compose our disagreements and promote our common interest.

The greatest effort of all to do that will begin in San Francisco on April 25. Let us show our fitness for leadership in that effort by tackling the tough and concrete problems of money, trade, and transportation in the same spirit and with the same method. Let us show beyond doubt that what we preach in San Francisco we practice everywhere.

Request for Increase in Green-Coffee Ceiling Prices

ACTION TAKEN BY UNITED STATES GOVERNMENT

[Released to the press March 22]

The State Department announced on March 22 that, following the recent request of 14 coffee-producing countries of this hemisphere for an increase in green-coffee ceiling prices, this subject had been discussed in detail with the other agencies of this Government concerned with food distribution and price control.

The coffee-producing countries concerned have now been informed that this Government genuinely regrets that it is not possible to accede to the request for increased prices. There are printed below copies of the request from the 14 coffee-producing countries and the reply of the Acting Secretary of State, which has been delivered to the embassies of the 14 countries in Washington. It will be observed that this Government's inability to raise green-coffee ceiling prices is premised largely upon the necessity for the maintenance of price control to prevent serious inflation in the United States and at the same time to lessen the danger of inflation throughout the Americas.

It will be recalled that similar considerations were involved when the petition of the Inter-American Coffee Board for a similar increase was denied in November 1944 by the Office of Price

Administration and the War Food Administration—a decision which was reviewed and confirmed by the Director of the Office of Economic Stabilization on December 19, 1944.

MEXICO, D. F.

March 8, 1945.

EXCELLENCY:

As Your Excellency knows, the Inter-American Conference on Problems of War and Peace approved a resolution with reference to the application of war measures on price control. In our capacity of representatives of coffee producing countries and referring to the above-mentioned resolution, we wish to express the following to Your Excellency:

According to our judgment, which faithfully represents the unanimous opinion in our respective countries and the result of a detailed knowledge of the economy of coffee production and present conditions therein, the moment has come in which, in harmony with the principles which the said resolution acknowledges, the maximum prices established for green coffee in the United States should be changed, because said prices have ceased

to have an adequate relation with the costs of production, and because their maintenance would imply the progressive lowering of the standard of living of the workers, due to the rise which is being registered in the price of necessities in coffee producing countries. We think, moreover, that the application of the principles contained in points (b) and (d) of the said resolution makes the indicated change imperative, to seek a just balance between the price of coffee and that of manufactured articles, within the criterion which the United States has applied to its domestic agricultural production.

In expressing the foregoing concepts to Your Excellency, with the most earnest desire for collaboration, we are certain that the good offices of Your Excellency will be decisive for the beneficial change of a state of affairs which affects the economy of our countries and is capable of provoking grave disturbances in some of them.

We avail ourselves of this opportunity to reiterate to Your Excellency the assurances of our most distinguished consideration.

BRAZIL; COLOMBIA; COSTA RICA; CUBA;
DOMINICAN REPUBLIC; ECUADOR;
EL SALVADOR; GUATEMALA; HAITI;
HONDURAS; MEXICO; NICARAGUA;
PERU; VENEZUELA.

His Excellency

EDWARD R. STETTINIUS, Jr.,
Mexico, D. F.

MARCH 22, 1945.

SIR:

On March 8, 1945, representatives of the governments of the coffee producing countries at the Inter-American Conference on Problems of War and Peace addressed a memorandum to the Secretary of State expressing the view that action should be taken to modify the maximum prices fixed for green coffee in the United States. In the memorandum reference was made to the resolution approved by Committee V of the Conference concerning the application of war time price controls, which was subsequently adopted by the Conference as Resolution XV.

The Secretary gave this matter his immediate attention upon returning to Washington and, since he is temporarily absent from the Department, has asked me to respond to the memorandum.

The question of coffee prices has been discussed very thoroughly by the appropriate authorities of the United States Government with a view to ascertaining whether, in the light of the above-mentioned Resolution, ceiling prices on green coffee may be increased.

As I am sure you will recall, a petition for an increase in the ceiling price of coffee was presented to this Government by the Inter-American Coffee Board last November. On that occasion the petition was given careful consideration by the appropriate authorities, and was finally denied. This decision was reviewed and confirmed on December 19, 1944. It was with genuine regret that this Government found it impossible to accede to the petition of the Inter-American Coffee Board.

It is now my duty regretfully to report to you that this Government finds it equally impossible to accept the request of the coffee producing countries expressed in the memorandum addressed to the Secretary at the Inter-American Conference on Problems of War and Peace. In this connection I should like to call attention to the fact that failure of the stabilization program in this country would release inflationary forces that might well seriously impair real incomes and living standards in the United States and, eventually, throughout the Western Hemisphere.

Resolution XV approved at the Mexico City Conference is, generally, a reiteration of certain principles in respect of price control previously adopted, specific reference being made to Resolution III approved at the Conference at Rio de Janeiro and to the fact that that Resolution urged the establishment by all of the American Governments of appropriate war time price controls. It is the view of this Government that its decision not to increase the maximum prices of green coffee is essential to the maintenance of price controls that are adequate to withstand the inflationary pressures with which this country is now faced. By adhering steadfastly to the purpose of resisting to the maximum any action which threatens the success of price control, it is the hope of this Government that it may be successful in preventing uncontrolled inflation in this country and at the same time contribute to the attainment of the same objective throughout the Americas.

Accept [etc.]

JOSEPH C. GREW
Acting Secretary of State

Sixth Meeting of the Anglo-American Caribbean Commission

[Released to the press March 19]

The Anglo-American Caribbean Commission met in Washington on March 20 and 21.

This was the sixth meeting of the Anglo-American Caribbean Commission since its establishment three years ago. The Commission is an international advisory body created for the purpose of encouraging and strengthening social and economic cooperation between the British colonies and the United States possessions and bases in the area.

Sir Frank Stockdale, K.C.M.G., C.B.E., British cochairman, arrived in Washington from the West Indies to attend the meeting. He will next proceed to London to assume his new duties as Adviser on Development Planning to the Sec-

retary of State for the Colonies. He will be succeeded by the new cochairman, Sir John Macpherson, K.C.M.G., now British resident member of the Commission and head of the British Colonies Supply Mission. Mr. Charles W. Taussig, United States cochairman, presided at the sessions.

In conjunction with the full Commission meeting, the Caribbean Research Council convened to plan further coordination of research in the area. The Research Council, an auxiliary group of scientific and technical people, was formed in 1943 in order to promote scientific, technological, social, and economic advancement in the Caribbean area. The Governments of the United States, Great Britain, and the Netherlands are represented on the Council, which met March 22 and 23.

THE RESULTS OF THE MEETING

[Released to the press March 23]

The State Department announced that the sixth meeting of the Anglo-American Caribbean Commission ended on March 23 in Washington. Mr. Charles W. Taussig, United States cochairman, who presided, and Sir Frank Stockdale, British cochairman, announced that one of the most important matters upon the Commission's agenda was the establishment of the Caribbean Research Council on a permanent basis with headquarters in the Caribbean area.

The Council, an advisory group to the Commission composed of scientific and technical men, was established by the Commission at St. Thomas, Virgin Islands of the United States, in August 1943 "with a view to encouraging an interchange of experience, improved use of resources and concerted treatment of mutual problems, and to avoid unnecessary duplication of work".

The Council has been operating since its organization under a provisional committee; it has now been dissolved, and a permanent Council has been

established. With a membership of not more than fifteen nor less than seven, the Council under its new organization is composed of at least one representative of the five Research Committees into which it is divided. The five fields of research covered by the committees are: (1) agriculture, nutrition, fisheries, and forestry; (2) public health and medicine; (3) industrial technology; (4) building and engineering technology; and (5) social sciences.

A permanent Central Secretariat will be located within the Caribbean and for the time being will operate out of the headquarters of the Anglo-American Caribbean Commission in the area.

Significant among the objectives outlined for this research body is that the Council shall suggest to the Commission what recommendations it should make to the governments concerned for further research for the benefit of the peoples of the Caribbean.

Other objectives are surveying the needs of the area, determining what research and research fa-

cilities exist in the area and how research can be facilitated on a cooperative basis, and arranging for prompt dissemination of the results of research. The Council will also recommend to the Commission the holding of meetings of scientific, specialist, and extension workers.

The Commission, in continuing its program for the improvement of public health, recommended that a Congress of Medicine should be held as suggested by the Research Committee on Public Health and Medicine to consider, among other things, the formation of a Caribbean Association of Public Health and Medicine. The date and agenda for such a congress will be announced later.

The Caribbean Research Council has already proved to be a valuable method of associating the peoples of the region with the solution of their problems. The Council has arranged for the exchange of visits of scientific men in the area, for the wider dissemination of technical and scientific material, and for the collating of scientific data. In the Land-Tenure Symposium, held in Puerto Rico last year, it approached one of the most fundamental problems of the region.

Members nominated by the Commission to the new Research Committees are:

AGRICULTURE, NUTRITION, FISHERIES, AND FORESTRY

- Dr. C. E. Chardon, Director, Institute of Tropical Research, Puerto Rico, *Chairman*
- Mr. K. Bartlett, Director, Mayaguez Experimental Station, Puerto Rico
- Mr. R. J. Brooks, Conservator of Forests, Trinidad
- Dr. H. H. Brown, Director of Fisheries Investigation in the British West Indies
- Dr. E. Englund, Department of Agriculture, United States
- Mr. O. T. Faulkner, Principal of the Imperial College of Tropical Agriculture, Trinidad
- Mr. D. C. Ferguson, Commissioner of Commerce and Industry, Jamaica
- Dr. D. S. Fernandez, Representative for the Netherlands
- Dr. P. Morales Otero, Director, Institute of Tropical Medicine, Puerto Rico
- Dr. Arturo Roque, Director of Agricultural Experiment Station, Rio Piedras, Puerto Rico
- Dr. S. J. Saint, Director of Agriculture, Barbados
- Mr. A. Upson, Director of Forestry Research Institute, Puerto Rico
- Mr. A. J. Wakefield, Inspector General of Agriculture of the British West Indies
- Capt. H. V. M. Metivier, O.B.E., M.R.C.V.S., Veterinary Officer of Trinidad

PUBLIC HEALTH AND MEDICINE

- Dr. Pablo Morales Otero, Director, Institute of Tropical Medicine, San Juan, Puerto Rico, *Chairman*
- Dr. Guillermo Arbona, Chief, Department of Hygiene, School of Tropical Medicine, San Juan, Puerto Rico
- Dr. J. R. Arends, Port Health Officer, Aruba, Netherlands West Indies
- Dr. G. Bevier, Representative of the Rockefeller Foundation
- Sir Rupert Briercliffe, C.M.G., Medical Adviser to Comptroller for Development and Welfare, British West Indies
- Dr. P. A. Clearkin, Bacteriologist and Pathologist, British Guiana
- Brig. Gen. Henry C. Dooling, Office of Surgeon, Caribbean Defense Command
- Dr. J. D. Pawan, M.B.E., Government Bacteriologist, Trinidad
- Dr. R. A. Vonderlehr, United States Public Health Service, Puerto Rico
- Dr. A. E. Wolff, Bacteriologist for the Government of Surinam

INDUSTRIAL TECHNOLOGY

- Mr. J. E. Heesterman, Consulting Chemist, Government of Surinam, *Chairman*
- Mr. Smith Bracewell, Director of Geological Surveys, British Guiana
- Mr. G. O. Chase, Consulting Engineer to the Government of British Guiana
- Mr. R. Fernandez Garcia, Consulting Chemist, Puerto Rico Development Corporation
- Mr. G. Macduff, Managing Director of the Jamaica Public Service Company, Ltd.
- Mr. Theodore Moscoso, Jr., Manager, Puerto Rico Development Corporation
- Mr. Gilbert L. Pace, President of Virgin Islands Company

BUILDING AND ENGINEERING TECHNOLOGY

- Mr. P. Martin Cooper, Director of Public Works, Jamaica, *Chairman*
- Mr. Gerald O. Case, Consulting Engineer to Government of British Guiana
- Mr. Sergio Cuevas, Commission of the Interior, Puerto Rico
- Mr. R. Gardner-Medwin, Town Planning Adviser to the Comptroller for Development and Welfare, British West Indies
- Mr. Luis M. Guillermet, Jr., Executive Director on Design of Public Works, Puerto Rico
- Mr. Antonio Luchetti, Director of Water Resources Authority, Puerto Rico
- Col. C. B. R. Macdonald, Engineering Adviser to Comptroller for Development and Welfare, British West Indies
- Mr. A. H. Nyland, Civil Engineer and Harbor Expert of Royal Shell, Curaçao; at present accredited to the Public Works Department of the Government of Surinam

Mr. Rafael Pico, Chairman of the Puerto Rico Planning Board, Puerto Rico
 Mr. C. Roddam, Water, Sewerage, and Electrical Engineer to Comptroller for Development and Welfare, British West Indies
 Mr. Emilio Serra, Executive Director of the Puerto Rico Housing Authority, Puerto Rico
 Mr. J. J. Van Wouw, Deputy Director of Public Works, Surinam

SOCIAL SCIENCES

(Subcommittees will be formed from the following panel)

Santos P. Amadeo, Puerto Rico
 F. C. Benham, Development and Welfare
 K. W. Blackburne, Development and Welfare
 Roy Bornn, Director of Public Welfare, St. Thomas
 Ismael Rodriguez Bou, Puerto Rico

Miss Edith Clarke, Jamaica
 Antonio Colorado, University of Puerto Rico
 Rafael Cordero, Puerto Rico
 D. T. M. Girvan, Jamaica
 S. A. Hammond, Development and Welfare
 Miss Dora Ibberson, Trinidad
 A. V. G. Lindon, Development and Welfare
 Judge Malone, Windward and Leeward Islands
 Arturo Morales, University of Puerto Rico
 J. J. Osuna, Puerto Rico
 R. Patrick, Trinidad
 Manuel Perez, Puerto Rico
 Rafael Pico, Puerto Rico
 Mrs. Maria Pintado de Rahn, University of Puerto Rico
 Jose C. Rosario, University of Puerto Rico
 C. Y. Shepard, Imperial College of Tropical Agriculture
 T. S. Simey, Development and Welfare
 Eric Williams, Caribbean Research Council

Presentation of Letters of Credence by the Ambassador of Panama

[Released to the press March 19]

The translation of the remarks of the newly appointed Ambassador of Panama, Señor Don Samuel Lewis, upon the occasion of the presentation of his letters of credence, March 19, 1945 follows:

MR. PRESIDENT: I have the high honor to submit to you at this time the autograph letters by which His Excellency the President of the Republic of Panama accredits me as Ambassador Extraordinary and Plenipotentiary of my country near the Government of the United States of America, and the letters of recall of my distinguished predecessor, Mr. Enrique A. Jiménez.

My country and yours, Excellency, are bound together by ties of evident common interest, and on this bond more than any other depend, to a considerable extent, the prosperity of international commerce in times of peace and the defense and security of this continent in times of war.

It is natural, therefore, that our Governments have cultivated relations which have always been maintained on a plane of true friendship, conscious of the mandate which destiny has imposed upon them for the good of the community of nations.

That friendship, characteristic of our relations, could remain unchanged in past decades because of a rigid and formal concept of diplomacy, but it

has received and continues to receive the vitalizing and fruitful impulse of the new meaning which you, Excellency, have given to the relations between peoples, and which constitutes a milestone in the history of harmonious living among nations.

The good-neighbor policy, Excellency, more than a particular orientation of a country which is great and just in its foreign relations, is in its own right the common ideological patrimony of all peace-loving nations. Panama and the United States of America are among these, and it is for this reason that on the basis of realities, comprehension, and reciprocal respect they can face the problems which arise between them and find the solution.

When the Government of President de la Guardia entrusted to me the direction of the foreign affairs of my country (some time ago), my actions as Minister were guided by the profound conviction that fruitful and cordial relations cannot exist unless truth and frankness govern them and dignity and right serve as their basis. I can state with deep satisfaction that the degree of cordiality which the relations between Panama and the United States of America have reached reaffirms and strengthens in me that conviction, and I wish to assure you that in the execution of the honorable mission which has been entrusted to me I shall devote my highest endeavors to the

task of intensifying, if it is possible, the bonds of friendship happily existing between our two countries, doubly united by continental proximity and by the prodigious work of the inter-oceanic Canal.

Excellency, I must, furthermore, by the special commission of His Excellency the President of the Republic of Panama, transmit to you his cordial greeting and his wishes for the prosperity of the people of the United States of America and for your personal happiness.

The President's reply to the remarks of Señor Lewis follows:

MR. AMBASSADOR: I am pleased to receive from you the autograph letters by which His Excellency the President of the Republic of Panama accredits you as Ambassador Extraordinary and Plenipotentiary of your country near the Government of the United States of America.

I accept also the letters of recall of your distinguished predecessor, Señor Don Enrique A. Jiménez, whose relations with the officials of this Government were always conducted upon a most sincere and friendly basis.

I thank you, Mr. Ambassador, for the cordial greetings which you have brought to me and to the people of the United States of America from His Excellency the President of the Republic of Panama. I shall be most grateful if you will permit me to request you in turn to convey to Señor

Don Ricardo Adolfo de la Guardia my sincere best wishes for his personal health and well-being and for the continued prosperity of the people of Panama.

I assure you, Excellency, that I subscribe wholeheartedly to your comments respecting the vital interests which unite our two peoples in friendly accord, in carrying out the mutual obligations involved in our joint interest in the Canal, which will be as important to the commerce of all nations during the peace to come as it now is to the security and defense of the hemisphere.

These relations are characterized by the devotion of both our peoples to the principles of freedom, democracy, and the good-neighbor policy. It is therefore most gratifying, Excellency, to have heard your testimony as to the practical achievements of the good-neighbor policy in the relations between our two Governments; and, like you, I believe that this policy should be regarded as a model program for all peace-loving nations.

In enabling you to fulfil the important mission which has been entrusted to you by the Government of Panama, the Government of the United States and its officials will be happy to facilitate and to support in every way your efforts to strengthen the bonds of friendship which have always existed between our two nations. Thus the many substantial benefits which should accrue to the two countries through their continued close cooperation in the post-war period will be realized.

Presentation of Letters of Credence by the Minister of Syria

[Released to the press March 19]

The remarks of the newly appointed Minister of Syria, Dr. Nazem Al-Koudsi, upon the occasion of the presentation of his letters of credence, March 19, 1945, follow:

MR. PRESIDENT: It is for me a unique privilege and high honor to present to Your Excellency the letter by which my President accredits me as Envoy Extraordinary and Minister Plenipotentiary near Your Excellency as head of the Government of the United States of America.

I am also singularly fortunate and proud to be delegated to convey to Your Excellency the sincerest wishes of my President for Your Excellency's

happiness and for the continued prosperity and greatness of the American people.

It was a historic day in the life of my country when the Government of the United States of America recognized the independence of our Republic fully and unconditionally. The Syrian State, which is part of the great Arabic-speaking nation, has struggled long and hard to acquire its independence. In winning this independence and taking its place among the recognized states of the world, it has been helped and strengthened by the principles of international justice and self-determination which have been proclaimed and supported by the American Government and people.

I myself belong to a generation of Syrian Arabs which was awakened to the appreciation of the principles of liberty and international justice by the proclamations of the United States Government during the last war. We look to the United States of America as the guardian and promoter of these principles. We have been inspired by Your Excellency's leadership in furthering these principles, as in the great Atlantic Charter and the proclamation of the Four Freedoms, and in taking all possible measures to apply them even in the midst of the hard days of war.

May I also, Mr. President, express the gratitude of the Government and people of Syria for the hospitality which thousands of my compatriots have found in your country and with your generous people. The reception they have found in this marvelous land, with its tremendous opportunities and with its dominating spirit of liberty and equality, has been another of the many factors which have aroused the admiration of the Syrians and all Arabs for American principles and life.

In undertaking my mission, it will be my task to deepen this admiration which the Arab State of Syria feels for these principles that stand at the basis of American life and thought. In this, and in all other ways, I shall endeavor to strengthen the relations which bind our two nations together. It is in this spirit and with this aim foremost in my mind that I bespeak the kind assistance and support of Your Excellency and the American Government in the fulfilment of my charge.

The President's reply to the remarks of Dr. Al-Koudsi follows:

MR. MINISTER: It is with great pleasure that I accept the letters accrediting you as the first Envoy Extraordinary and Minister Plenipotentiary of the Syrian Republic to the United States. This is an occasion towards which both our countries have looked forward for many years.

You will be warmly welcomed in the United States, Mr. Minister, not only by the thousands of our citizens of Syrian origin but also by the American people as a whole, who cherish the principles of democracy and international collaboration and recognize in your coming a new advance towards the fulfilment of these goals.

I note with pride Your Excellency's assertion that your countrymen have been helped and strengthened by the principles of international

justice and self-determination proclaimed and supported by the American Government and people and that they look to the United States as a guardian and promoter of these principles. In so doing, the Syrian people express a great confidence in the American people, which we shall constantly try to justify.

To you personally, Mr. Minister, I extend my most cordial welcome to Washington. I know that as an elected Deputy you ably represented the needs of your people to your Government. I hold high hopes for your success in your present task of representing your Government in the United States and strengthening the ties which bind our two countries. This venture is new for you and for your country, but I am confident that you will find your mission facilitated by the friendly encouragement and support of the American people and their Government officials.

In receiving the good wishes which the President of the Syrian Republic so kindly sent through you, I request you to convey to President Kouatli my deep appreciation of his message and my continued hope, on behalf of the American people, for the happiness and welfare of himself and of the Syrian people.

THE CONGRESS

Authorizing the Committee on Interstate and Foreign Commerce To Continue the Investigation With Respect to Petroleum Begun Under House Resolution 290, Seventy-sixth Congress. H.R. Rept. 345, 79th Cong., to accompany H. Res. 187. 1 p.

Amending Section 28(c) of the Immigration Act of 1924 in Order To Bring the Definition of That Term Current. H.R. Rept. 346, 79th Cong., to accompany H.R. 390. 3 pp. [Favorable report.]

Authorizing the Committee on Immigration and Naturalization To Study the Basic Problems Affecting Post-War Immigration and Naturalization. H.R. Rept. 357, 79th Cong., to accompany H. Res. 52. 1 p.

Relief of Settlers on the International Strip at Nogales, Ariz. S. Rept. 102, 79th Cong., to accompany S. 69. 32 pp. [Favorable report.]

Water Treaty With Mexico: Hearings Before the Committee on Foreign Relations, United States Senate, Seventy-ninth Congress, First Session, on Treaty With Mexico Relating to the Utilization of the Waters of Certain Rivers. Part 4, February 12, 13, 14, and 15, 1945. iii, 308 pp. Part 5, February 16, 17, 19, 20, and 21, 1945. iii, 406 pp. [Department of State, 1760-82.]

PUBLICATIONS

DEPARTMENT OF STATE

During the quarter beginning January 1, 1945, the following publications have been released by the Department:¹

2219. Exchange of Official Publications: Agreement Between the United States of America and Afghanistan—Effectuated by exchange of notes signed at Kabul February 29, 1944; effective February 29, 1944. Executive Agreement Series 418. 17 pp. 10¢.
2227. Jurisdiction Over Prizes: Agreement Between the United States of America and Australia, and Proclamation—Agreement effected by exchange of notes signed at Canberra November 10, 1942 and May 10, 1944. Executive Agreement Series 417. 8 pp. 5¢.
2229. Papers Relating to the Foreign Relations of the United States, 1930. vol. I. lxxv, 564 pp. \$1.75 (buckram).
2230. America's Need for Understanding China. By Haldore Hanson, Division of Cultural Cooperation. Far Eastern Series 7. 16 pp. 5¢.
2231. Nominations for Under Secretary of State and Assistant Secretaries of State: Hearings Before the Senate Committee on Foreign Relations, December 12, 1944. 20 pp. 5¢.
2232. Dumbarton Oaks Proposals: Address by Leo Pasvolksky, Special Assistant to the Secretary of State. Conference Series 61. 14 pp. 5¢.
2233. Supplement to the Department of State Bulletin, vol. XI, no. 286A, December 17, 1944. 40 pp. 10¢.
2234. The Export-Import Bank of Washington. By Eleanor Lansing Dulles, Division of Financial and Monetary Affairs. Commercial Policy Series 75. 30 pp. 10¢.
2235. The Department of State Bulletin, vol. XI, no. 287, December 24, 1944. 26 pp. 10¢.²
2237. Payment for Expropriated Petroleum Properties: Agreement Between the United States of America and Mexico, and Joint Report—Agreement effected by exchange of notes signed at Washington September 25 and 29, 1943. Executive Agreement Series 419. 11 pp. 5¢.
2238. The Department of State Bulletin, vol. XI, no. 288, December 31, 1944. 12 pp. 10¢.
2239. Dumbarton Oaks Proposals. Address by Joseph C. Grew, Special Assistant to the Secretary of State. Conference Series 62. 18 pp. 5¢.
2240. Agricultural Experiment Station in Guatemala: Agreement and Exchange of Notes Between the United States of America and Guatemala—Agreement signed at Guatemala July 15, 1944; effective July 15, 1944. Executive Agreement Series 422. 8 pp. 5¢.
2241. Diplomatic List, January 1945. II, 126 pp. Subscription, \$2 a year; single copy, 20¢.
2242. The Proclaimed List of Certain Blocked Nationals: Cumulative Supplement No. 5, January 12, 1945, to Revision VIII of September 13, 1944. 73 pp. Free.
2243. The Department of State Bulletin, vol. XII, no. 289, January 7, 1945. 44 pp. 10¢.
2244. The Administration and Structure of Japanese Government. By Hugh Borton, Division of Territorial Studies, Department of State. Far Eastern Series 8. 19 pp. 10¢.
2245. Publications of the Department of State (a list cumulative from October 1, 1929). January 1, 1945. III, 32 pp. Free.
2246. Establishment of Agricultural Commission: Agreement Between the United States of America and Mexico—Effectuated by exchange of notes signed at Mexico January 6 and 27, 1944. Executive Agreement Series 421. 6 pp. 5¢.
2247. The Department of State Bulletin, vol. XII, no. 290, January 14, 1945. 24 pp. 10¢.
2248. Interdepartmental Committee on Cooperation With the American Republics, December 1, 1944. Inter-American Series 25. II, 18 pp. 10¢.
2249. The Livestock of China. By Ralph W. Phillips, Ray G. Johnson, Raymond T. Moyer. Far Eastern Series 9. VI, 174 pp. 30¢.
2250. The Department of State Bulletin, vol. XII, no. 291, January 21, 1945. 43 pp. 10¢.
2251. Health and Sanitation Program: Agreement Between the United States of America and Uruguay—Effectuated by exchange of notes signed at Washington October 1 and November 1, 1943. Executive Agreement Series 423. 5 pp. 5¢.
2252. Temporary Raising of Level of Lake St. Francis During Low-Water Periods: Agreement Between the United States of America and Canada Continuing in Effect the Agreement of November 10, 1941—Effectuated by exchange of notes signed at Washington August 31 and September 7, 1944. Executive Agreement Series 424. 4 pp. 5¢.
2254. Health and Sanitation Program: Agreement Between the United States of America and Haiti—Effectuated by exchange of notes signed at Washington April 7, 1942. Executive Agreement Series 425. 5 pp. 5¢.
2255. Air Transport Services: Agreement Between the United States of America and Denmark—Effectuated by exchange of notes signed at Washington December 16, 1944; effective provisionally January 1, 1945. Executive Agreement Series 430. 10 pp. 10¢.
2256. The Department of State Bulletin, vol. XII, no. 292, January 28, 1945. 36 pp. 10¢.
2257. Dumbarton Oaks Documents on International Organization Together With Chart and Questions and Answers (Revised). Conference Series 60. 24 pp. 5¢.

¹ Serial numbers which do not appear in this list have appeared previously or will appear in subsequent lists.

² Subscription, \$3.50 a year.

2258. The Proclaimed List of Certain Blocked Nationals: Cumulative Supplement No. 6, February 9, 1945, to Revision VIII of September 13, 1944. 80 pp. Free.
2259. The Department of State Bulletin, vol. XII, no. 203, February 4, 1945. 28 pp. 10¢.
2260. Diplomatic List, February 1945. II, 123 pp. Subscription \$2 a year; single copy, 20¢.
2261. Health and Sanitation Program: Agreement Between the United States of America and Panama—Effectuated by exchange of notes signed at Panama December 31, 1942 and March 2, 1943. Executive Agreement Series 428. 6 pp. 5¢.
2262. Military Service: Agreement Between the United States of America and China—Effectuated by exchanges of notes signed at Washington November 6, 1943 and May 11 and June 13, 1944. Executive Agreement Series 426. 6 pp. 5¢.
2263. Air Transport Services: Agreement Between the United States of America and Sweden—Effectuated by exchange of notes signed at Washington December 16, 1944; effective January 1, 1945. Executive Agreement Series 431. 10 pp. 5¢.
2264. Health and Sanitation Program: Agreement Between the United States of America and Paraguay—Effectuated by exchange of notes signed at Washington May 18 and 22, 1942. Executive Agreement Series 436. 5 pp. 10¢.
2265. Rights of American Nationals: Agreement Between the United States of America and Syria—Effectuated by exchange of notes signed at Damascus September 7 and 8, 1944. Executive Agreement Series 434. 5 pp. 5¢.
2266. Rights of American Nationals: Agreement Between the United States of America and Lebanon—Effectuated by exchange of notes signed at Beirut September 7 and 8, 1944. Executive Agreement Series 435. 5 pp. 5¢.
2267. The Department of State Bulletin, vol. XII, no. 204, February 11, 1945. 34 pp. 10¢.
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